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ABSTRACT

More than 50 presentations at this conference emphasized the role of labor statistics in public and private decision-making. The first two sessions were directed to research needs in evaluating new labor relations legislation covering public employment. A session on the role of statistics in urban problems centered around family budget information. Discussion of research needs for a comprehensive manpower program stressed program evaluation, sources of new data, and new directions in research. The final session was devoted to meeting inflation problems. (Author/BH)

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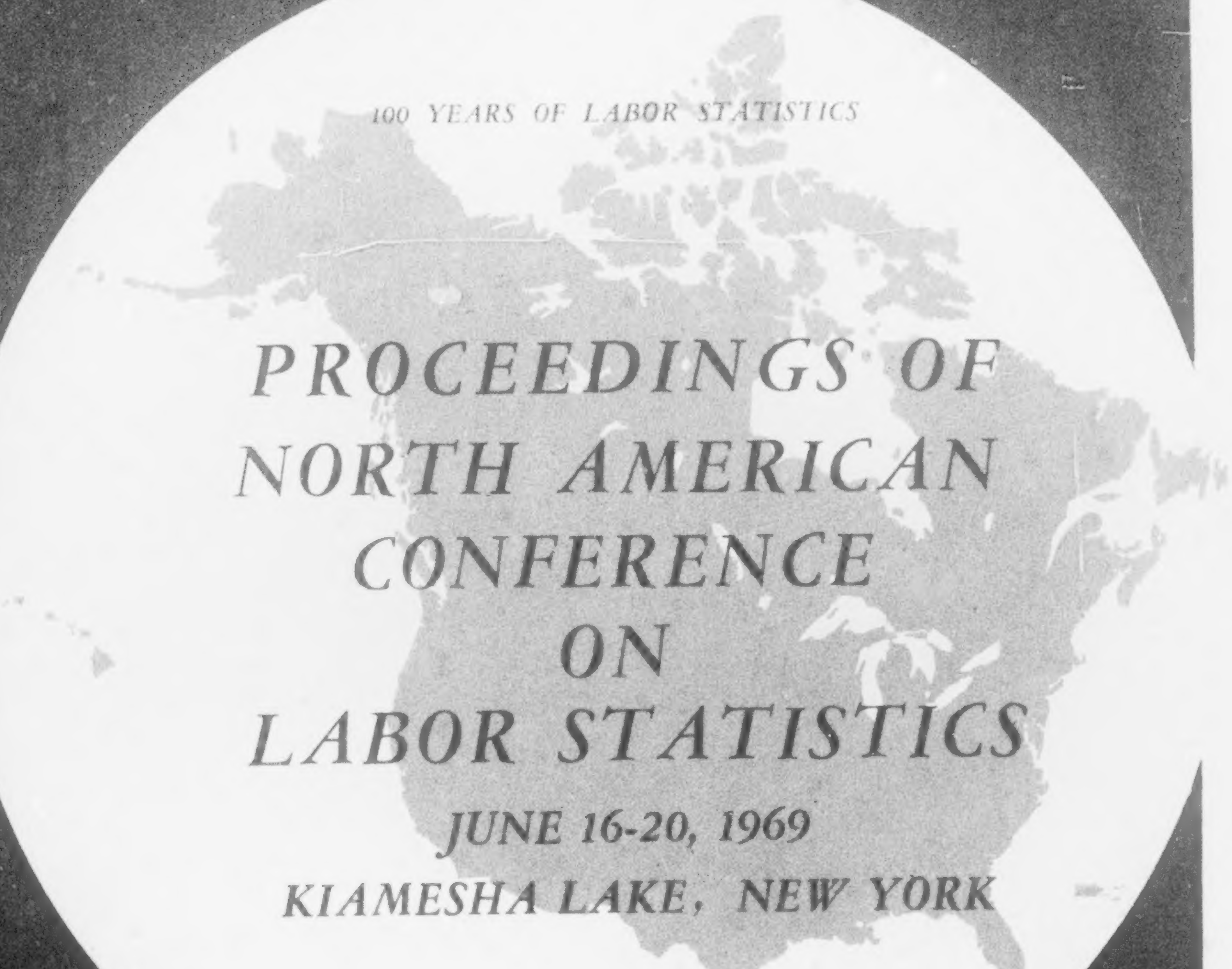
100 YEARS OF LABOR STATISTICS



PROCEEDINGS OF NORTH AMERICAN CONFERENCE ON LABOR STATISTICS

JUNE 16-20, 1969
KIAMESHA LAKE, NEW YORK

U.S. DEPARTMENT OF LABOR
Bureau of Labor Statistics

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NEW YORK DEPARTMENT OF LABOR

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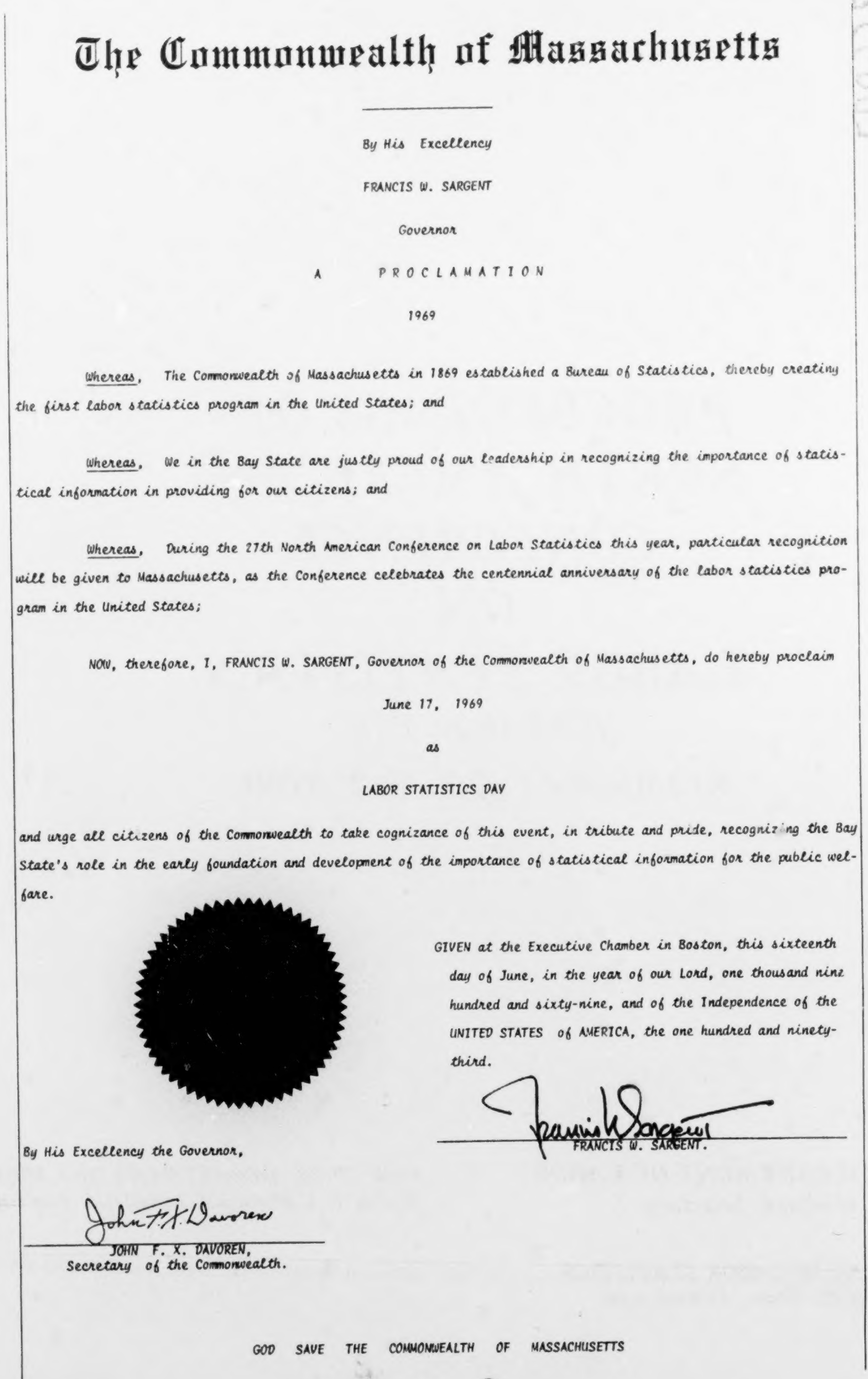
1971

U.S. DEPARTMENT OF LABOR
J. D. Hodgson, Secretary

NEW YORK DEPARTMENT OF LABOR
Martin P. Catherwood, Industrial Commissioner

BUREAU OF LABOR STATISTICS
Geoffrey H. Moore, Commissioner



The Commonwealth of Massachusetts

By His Excellency

FRANCIS W. SARGENT

Governor

A PROCLAMATION

1969

Whereas, The Commonwealth of Massachusetts in 1869 established a Bureau of Statistics, thereby creating the first labor statistics program in the United States; and

Whereas, We in the Bay State are justly proud of our leadership in recognizing the importance of statistical information in providing for our citizens; and

Whereas, During the 27th North American Conference on Labor Statistics this year, particular recognition will be given to Massachusetts, as the Conference celebrates the centennial anniversary of the labor statistics program in the United States;

NOW, therefore, I, FRANCIS W. SARGENT, Governor of the Commonwealth of Massachusetts, do hereby proclaim

June 17, 1969

as

LABOR STATISTICS DAY

and urge all citizens of the Commonwealth to take cognizance of this event, in tribute and pride, recognizing the Bay State's role in the early foundation and development of the importance of statistical information for the public welfare.

GIVEN at the Executive Chamber in Boston, this sixteenth day of June, in the year of our Lord, one thousand nine hundred and sixty-nine, and of the Independence of the UNITED STATES of AMERICA, the one hundred and ninety-third.

Francis W. Sargent

FRANCIS W. SARGENT.

By His Excellency the Governor,

John F. X. Davoren

JOHN F. X. DAVOREN,
Secretary of the Commonwealth.

GOD SAVE THE COMMONWEALTH OF MASSACHUSETTS

INTRODUCTION

The 27th North American Conference on Labor Statistics was held June 16-20, 1969, at Kiamesha Lake, New York. The New York Department of Labor served as co-sponsor with the Bureau of Labor Statistics, U.S. Department of Labor. There was excellent attendance--350 delegates from 42 States, Canadian Provinces, Puerto Rico, and the Virgin Islands.

The program emphasized the theme, The Role of Labor Statistics and Research in Public and Private Decision-Making. There was lively discussion in the first two sessions which were directed to research needs in evaluating new legislation in labor-management relations in public employment, and in collective bargaining, generally. Also, in this part of the program there was a presentation on research activities of the Canadian Task Force on Industrial Relations. The session on the role of statistics as an aid in solving urban problems and in the administration of assistance programs centered around the utilization of family budget information. The Urban Studies Program session was designed to show the role of research in the urban crisis. A full day was given to the consideration of research needs for a comprehensive manpower program; the principal emphasis was on evaluation of programs, sources of new data, and new directions in research. Statisticians have shown a marked interest in bringing their services to bear on socio-economic problems at the local level. The two statistical workshops stimulated considerable interest and lively discussion. In the session on Administrative Statistics a panel of experts provided leadership in discussing the individual subjects such as safety, industrial relations, and statistics for labor standards; these panelists also served as advisers to other State statisticians who had need for consultation on special State problems. The other workshop was a roundtable on technical aspects of Federal-State Manpower Programs. This discussion was very effective in bringing experience to local and problem areas of the cooperative employment statistics program.

The final session was a dialogue on Meeting the Inflation Problems. The distinguished panel included Moderator Maurice Mann, Assistant Director, U.S. Bureau of the Budget; Martin Gainsbrugh, Senior Vice President and Chief Economist, National Industrial Conference Board; James C. Cooper, Vice President and Director of Research, Irving Trust Company; and Sol Barkin, Professor of Economics, University of Massachusetts. The expertise of the panelists and the lively participation of the audience combined in a stimulating program.

The feature of the Conference banquet was a ceremony in recognition of the centennial anniversary of labor statistics in the United States.

The proceedings provide a ready reference for those who attended the Conference and will be of interest to others working in the field of labor statistics.

Walter G. Keim, Executive Director
North American Conference on Labor Statistics

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NORTH AMERICAN CONFERENCE ON LABOR STATISTICS

THE ROLE OF LABOR STATISTICS AND RESEARCH IN PUBLIC AND PRIVATE DECISION-MAKING

WELCOME

Martin P. Catherwood, Industrial Commissioner
New York Department of Labor

It is my pleasure, as Industrial Commissioner for the State of New York, to have the opportunity to welcome you to the Concord Hotel, to Sullivan County, and the Empire State. I regret that it is not possible for Governor Nelson Rockefeller to welcome you, but he is involved with a Latin American mission for President Nixon, as many of you know.

My pleasure in welcoming this group comes not only from my own personal interest in research and statistics, but because *statistics and statisticians* provide such an important resource in approaching the mutual problems of the State and Province governments and the Federal Government in this country and in Canada.

The figures of the statisticians and of the research people who work with the product of the statisticians provide an important least common denominator. We do not always agree with their conclusions, but probably more than for any other discipline in government the statisticians give us this least common denominator that holds out a significant promise for our ability to work out the resolution of the problems with which we are concerned.

The keynote of your conference is The Role of Labor Statistics and Research in Public and Private Decision-Making. We have one aspect of this theme at the present time in the State government and consequently in the State Department of Labor: An effort is being made to really bring statistics to bear on decisionmaking. It is easy to pay tribute to this concept but hard to implement it. To me, the planning, programming, and budgeting system which the State has initiated, referred to as PPBS, is really an effort to bring to bear on decisionmaking the product of the statisticians and of the researchers.

We still have to demonstrate in New York whether this process will become utterly submerged in the forms and records and reports that have to be made out as a part of it and which threaten to engulf the whole thing; but we have a good start in the Labor Department because of Al Pearce's work in operating statistics. We are now analyzing statistics to be sure that we get the ones that relate to the significant features of operation. We analyze and revise them so that they constitute a more effective guide to decisionmaking, whether by the administrative agency or the Director of the Budget. We hope that this process will strengthen our budget requests. Members of this group are all adept at requesting funds for research and statistics. This year we have been using the process more to make adjustments that have to be made to reduce expenditures to coincide with an economy program.

However, bridging the gap between the statisticians and the operating agencies takes some doing. Because everybody is busy with his own specific responsibilities, it becomes too easy to have operating statistics prepared, put on the shelf, and disregarded by the operating agencies. Unless care is taken, they become the sole domain of the statisticians and of the public relations people, who can point to a million dollars collected for this or 100,000 inspections made for that. Neither comes close to the decisionmaking process as to how the funds in question can be best spent when such funds are limited.

The New York State Department of Labor

You may be interested in just a few words about our administrative structure and the size of the Department of Labor in New York. The Department of Labor includes the Division of Employment, the Employment Security Agency of the State, which has 7,500-8,000 employees and dwarfs the remainder of the establishment. The Workmen's Compensation Board is basically autonomous but its 1,400 to 1,500 employees are considered part of the Labor Department. The State Insurance Fund, an autonomous public carrier of Workmen's Compensation, has about the same number of employees, and we have 1,500 employees in the other mainstem activities of the Labor Department, including Occupational Safety, Minimum Wages, and a multiplicity of fields with which many of you are familiar.

Al Pearce is the Director of our Division of Research and Statistics. Many of you know him, his reputation, and his performance, as well as his staff. They are recognized within the New York State Government far beyond the Department of Labor. They have been prominent over the years in this organization and in the exchange with representatives of other States and Provinces and of the National Governments. Al has under his jurisdiction 80 to 90 positions, including professional and nonprofessional.

In the Division of Employment we have Karel Ficek, who has made his own very substantial contribution and has achieved a real professional reputation; he has a staff of about 300 professional and nonprofessional people. Historically, Karel's Office of Research and Statistics in the Division of Employment has been weighted heavily with statistics and the preparation of reports for what was formerly the U.S. Department of Labor's Bureau of Employment Security.

Ten years ago, when I became Industrial Commissioner, we intended to review all of the reports that were made, including those prepared in the Division of Employment, to find out whether they were necessary and whether, under present circumstances, they were all required. We are still involved in that study and have not reached a final conclusion.

Our Research and Statistics staff and the programs in the Department of Labor compare favorably with those of most other jurisdictions. A great degree of development has taken place over the years and we have participated in the Bureau of Labor Statistics at both the State level and the Federal level.

The Catskills

I would like to say just a word or two about this locale in which you are meeting, the Concord Hotel in Sullivan County: This area in the heart of the Catskills, 80 to 100 miles from New York City. You are now "playing the borsht circuit," a term that refers to the proving ground in which outstanding entertainment personalities have established their reputations over the years. The facilities here are delightful. You are also near the home of Rip Van Winkle, who supposedly slept here for 20 years. We have a few of his descendants in the Labor Department, not very many.

A resort hotel industry developed in this area, which was close to New York City, even when transportation did not compare with facilities available today. A number of boarding houses are still here, but probably the major characteristic is the resort hotel industry.

The area provides physical facilities, including swimming pools, golf courses, skating rinks, and horseback riding, to enumerate only a few of the legitimate attractions. Ground will be broken this year for a huge cultural and civic center to attract large scale convention business, that requires more facilities than can be supplied in any one hotel.

Karel Ficek has available among his various items a report on employment in the Sullivan County resort industry. 1/ This report mentions only a few of the highlights in Sullivan County, which is the principal but not the only resort county in the Catskills. This county has thirty year-round hotels--about double the number that existed 15 years ago; also, 150 seasonal hotels--about half of the number that existed 15 years ago. The hotel resort industry has responded to changing habits and the demand for something more than seasonal facilities in this area.

Sullivan County also has about 35 motels and 40 rooming houses. The payroll resort industry has more than doubled in the past 15 years. Rooming houses, with no outstanding increase during this period, have annual payrolls of about $100,000; motels have gone from practically nothing up to $300,000 in annual payrolls during this 15-year period. Seasonal hotels have remained relatively constant in their payrolls for a declining number of employees, and this amounts to $5,000,000 a year. Year-round hotels have increased their payrolls from $3,000,000 to $12,000,000 in recent years.

1/ Employment in the Sullivan County Resort Industry (Albany, New York, New York Department of Labor, Division of Employment, 1968).

As in many fields of statistics, we encounter problems when we look for information on employment. Unemployment insurance in the Division of Employment, which constitutes a valuable resource for many research purposes, does not count students who work largely on a seasonal basis in the resort hotels in Sullivan County. The tipping structure has enabled college students to do very well. Many students have paid their way or a large part of their way through college and university training through work as waiters in the resort industry in Sullivan County.

Practically all services associated with the resort hotel industry have substantial seasonal elements in their employment. In the seasonal hotels, the off-season employment in November, December, January, February, and March, will aggregate possibly 200 people, and this number will grow to 3,000 people during July and August. Even in the year-round hotels, where much of the seasonality has been eliminated, they will aggregate 3,000 employees in November, December, January, February and March; and this number will almost double to 5,000 in July and August.

From the standpoint of labor relations, the Concord and Grossinger's, two of the large hotels in this area, are organized. Most of you understand the problem of organizing establishments in industry when a large degree of seasonality is involved.

The larger establishments in the hotel industry are subject to the Federal wages and hours act (Fair Labor Standards Act). All establishments in this industry are subject to the State Minimum Wage Law and the State Minimum Wage Order. The coverage of these two jurisdictions is not completely identical. Consequently, the employers have problems. The State Act requires overtime at 1-1/2 times the minimum. The Federal Act requires 1-1/2 times the going rate. Allowances for tipping are quite different. The employers in any industry, such as the resort hotel industry, have a right to expect more than has been achieved to date in bringing together and minimizing as far as possible the differences growing out of the Federal and State minimum wage jurisdictions.

One of my staff members urged me to say something about the brisk, pure mountain air up here. I was going to comment but then I recalled some conversations I had had with some of the resort hotel operators. The resort industry is not the only industry in Sullivan County. This county has a sizable poultry industry and the tendency is to accumulate large numbers of chickens in one congested area. If any of you should be on the lee side of one of these poultry establishments, you will understand why the hotel industry does not consider that they contribute to nonpollution of the atmosphere.

Again, may I simply say that we in the New York Department of Labor are delighted to serve as one of your hosts at your conference. We know that you are going to have a productive session.

ORGANIZATION OF CONFERENCE

Walter G. Keim, Executive Director
North American Conference on Labor Statistics
U.S. Department of Labor

Honored Guests and Fellow Delegates, I thank our hosts, Industrial Commissioner Catherwood, and all you other fine folks for a cordial welcome to the beautiful mountains of New York and, in particular, to this tremendous hotel.

To those of you who are attending our conference for the first time, a little background: As in other years, all States and Provinces were invited, and 44 are represented. The registrations include officials of States and Provinces' Departments of Labor, a Dominion and U.S. Federal Agencies, Bureaus of Employment Security, Municipalities, State Education Departments, Universities, and Labor and Industrial organizations, and business concerns.

We are gratified that these conferences, which started out as a medium of exchange of experience in the preparation and use of data and information for labor department personnel, are now drawing from all major areas of interest. The participation of data users, industrial labor community groups, and universities has enhanced the value of these meetings. We are learning more about the need for statistics and the ways we can improve the usefulness of our data, which represents a variety of programs and activities. The conference is, in effect, a little professional society of producers and consumers of labor statistics, providing interest and stimulation to many different types of users of labor statistics, the administrators, the educators, research economists, and statisticians.

The steering committee each year considers the suggestions you send and the significance of certain types of data relative to the current economic trends and social economic conditions. In developing the program this year, the steering committee was guided by the current economic situation and demand for statistics. We decided on the theme "The Role of Labor Statistics and Research in Public and Private Decision-Making." Throughout the program you will find speakers referring to statistics and research as administrative tools and as thermometers which measure the economic climate of the nation and the States and the Provinces and the communities.

Over the 20 years I have been talking with you in these sessions, I have stressed research programs which were of major importance at that specific time. We have indicated directions or trends of data research needs in Washington. We have synthesized these experiences and indicated to you the patterns that were developing. As long ago as six years, I was shouting from the house tops the pending needs for data from the central city. All of us missed that boat pretty much, I believe. Similarly, at the national level, we did not move sufficiently early to meet such demands that developed. However, we are generating steam now, and considerable emphasis is now being given to States and local statistics. Hopefully, we look forward in the near future to more data for local problems.

These programs are taking three forms: (1) The data to aid in the solution of social economic problems; (2) improved wage and other data to aid in stabilizing labor-management relations in the public sector; (3) statistics needed to buttress State and municipal administration. All signs point to a surge of data for governmental administrative purposes, as Dr. Catherwood indicated.

I can see in your eyes the question: Who is going to furnish all the money needed for this purpose? Sometimes we can obtain funds for statistics based on operational needs of the administrative agency we are serving. If the needs are great enough and important enough and if we have the convictions and the ability to communicate, the budget will be available. Perhaps they will not be made available in the first year or even in the second, but worthwhile statistical programs can always be sold and justified if they are important enough.

This leads me to the next point. All of us, in particular the larger States and the Federal agencies, ought to be looking ahead on a more formalized, organized basis. We must not only do well what we are doing now, but also be constantly prepared for what shall be demanded tomorrow. In this respect we should be performing functions analogous to those being performed by the so-called "R & D" activities. We should in some way be anticipating the problems of tomorrow, and planning to furnish the factual basis for meeting new problems when they become live issues.

From your statements and reports and from our own experiences, we know governmental agencies are putting statistics to work in administration, in planning and measuring progress, and in evaluating programs and legislation. We in the Bureau of Labor Statistics have a real function to perform in applying our statistics and analysis to evaluation of these data, and in assisting the Secretary of Labor in evaluating legislative programs. In our opinion, this function will grow.

The exhibit area, as usual, is the feature of the conference. Take some time here to examine the publications from participating agencies. All of us can get some new ideas from this area. The Canadian publications are especially good in design, appearance, substance.

The award for estimating the 1968 economic indicators, was won by Esther Espenshade of Illinois--an easy winner, with nobody even close. Esther's accuracy was really awesome. I emphasize that word "awesome." She came within four-tenths of 1 percent in her eight estimates. Congratulations, Esther, I hope we can give you more competition in this conference.

In these meetings, we have concluded several times that we can utilize existing basic data more fully than we do. By packaging and repackaging, the statisticians and economists can assist State and local organizations in creating a means to meaningful decisionmaking. I have a perfect example of this: An Essay on Method of Measurement of Employment Generated by Tourism, in Massachusetts, 1958-1967 prepared by Edward O'Donnell, Assistant Regional Director of our Boston Office. [2] A number of you will be interested in this original work.

As representatives of labor and labor departments, we have a very important responsibility to help workers and to support research for our own departments. We certainly have a major concern for all those disadvantaged who are victims of the socio-economic problems. Some of you have heard me describe our data as humanity statistics needed to create more light and less heat in industrial disputes and to help to improve labor conditions in our industrial plants. Injury statistics serve as tools for the administrator to use in saving work time and lives. Data are needed badly to assist in defining problems and measuring progress, and to aid in the war on poverty, problems of the poor, and the minority population of the inner city.

This sensitivity is the attribute that Ray Male of New Jersey has long been urging for statisticians. Or are we going to sleep through the thunder in our own individual mountains as Rip Van Winkle is reputed to have done right here in the Catskills? There is no better way to avoid sleeping through the opportunities we have to perform in public service other than by involving ourselves in these problems.

If you will say and mean it, "I am my brother's keeper," then you have a chance of making a real contribution to the major problems facing our country and so many disadvantaged people today. I repeat: This is our challenge and this is your conference. I hope you will take full advantage of every session and give us the benefit of your thoughts and opinions in each discussion.

Dr. Catherwood and Charles Pearce, thank you for inviting us to New York.

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[2] For a Special Legislative Commission on Recreation, Vacation, Travel, and Tourist Industry of the Commonwealth (of Massachusetts), 1968, Document 3009.

THE ECONOMIC SETTING

Geoffrey H. Moore, Commissioner
Bureau of Labor Statistics
U.S. Department of Labor

I would like to add my word of welcome to all of you and my gratitude for being able to participate in this conference. It is a great pleasure for any new official to inherit a well-organized group and well-supported organization and I have certainly done that at the Bureau of Labor Statistics.

What I should like to talk about is the economic outlook. I would like to divide my comments and talk with you primarily about short run, and then make a few observations about the longer run, the outlook for economic policy.

There are two major points I would make about the short run outlook in the United States: One is that there are quite clear signs of a slower rate of growth in aggregative economic activity, but at the same time no sign of recession; second, there is little evidence as yet of a decline in the rate of inflation, but some signs are becoming apparent that a decline in that rate may be soon with us.

What evidence is there of a slower rate of growth? We can see that first of all, in what is happening to employment: Aggregate employment in nonfarm industries has been either rising at a very much slower rate in the first 4 months of 1969 that it did in the latter part of 1968, or if you look at the labor force statistics on aggregate nonagricultural employment, there has been a slight decline. On the other hand, the unemployment rate has held steady, about 3 1/2 percent.

Another indication of a decline in the rate of economic growth appears in the GNP, with a sharp and steady decline in the rate of increase since about a year ago. In the last four quarters the rate of increase has steadily diminished in nominal dollars as well as in real economic activity.

A third indication supports this evidence of both employment and GNP and perhaps hints that this diminution will stay with us for a while. This decline in economic growth is shown by the leading indicators which have been less buoyant in the last 3, 4, or 5 months that they were last year. Until last October a great deal of vigor existed in most of the leading indicators such as the average work week, new orders for durable goods, contracts for construction, and the formation of new business enterprises. Since last October a good many of these have increased further, but at a very much lower rate.

The leading indicators also support the qualification I made about the rate of growth, namely that I see no sign of recession. Although the rate of increase is slackening, the decline is not widespread; and before every recession in the postwar period, these indicators have shown widespread declines. So far, that has not occurred, and I think a recession is not ahead of us, though we should be alert to any such indication that may appear.

Now, about the rate of inflation and my conclusion that so far there is no clear evidence of a decline in that rate. Let me refer to the charts. They show first, some measures of the rate of inflation. We have spent a good deal of time puzzling over the way to measure the rate of inflation. We have done what most statisticians do, namely, provide a variety of measures instead of a single one.

The left hand column measures the rate of change over a very short span of time (one month). The columns on the right hand side, measure the rate of change in prices and costs over a 12-month period. The middle measures the change over three months. Each of the rates of increase is adjusted to an annual rate, so they are all comparable across the page. Simply, the span over which the change is measured varies from one column to the next.

Referring first to the Consumer Price Index, you can see the month-to-month changes are erratic, but nevertheless rising. The trend is made clear by the measures of rate of price increase over 3 months and over 12 months.

Two principles are to be observed about this way of measuring rates of change: One, a change in the trend, appears earlier in a very short span, than in a long span. So, to be on top of the situation, you keep your eyes on short span developments. On the other hand, the chart shows a more erratic movement in the short span and consequently, if you look at every wiggle, you are wrong a good deal of the time as to what you think is happening to the general trend. It is really essential to look at both the long and the short trends which are provided in this chart.

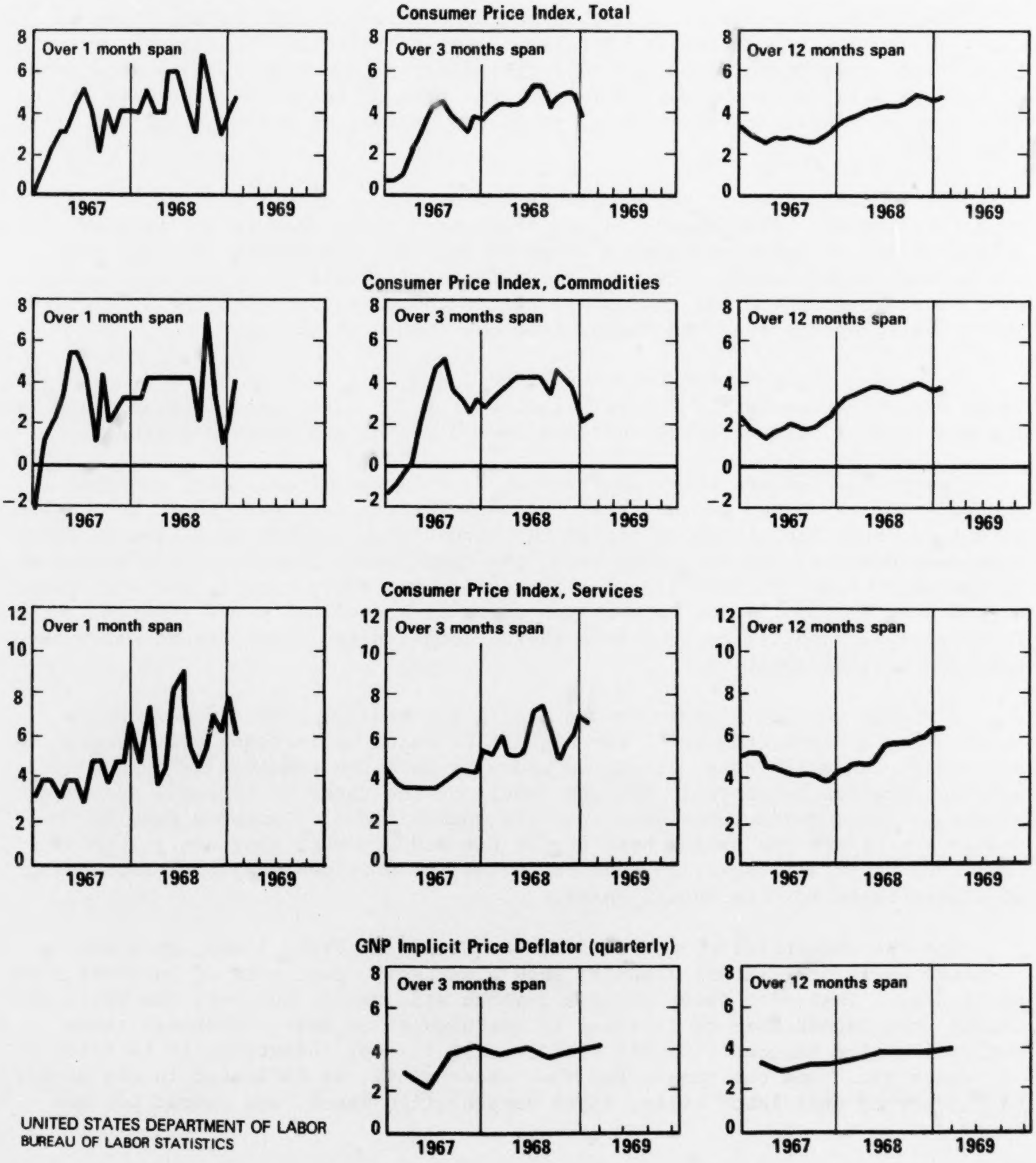
Although the CPI figures showed a slightly smaller rate of increase in April than in March, the level was high. The rates of increase over longer spans than one month were steady as shown by both the commodities component and the services component. But the levels of the rates of increase are much higher on the service components than the commodities. I suppose that is one indication of why the prices here at the Concord are what they are. This is one of the service industries, and the prices of services have been increasing at a very rapid rate in recent years.

For the industrial commodities or the Wholesale Price Index, on a month-to-month basis, the latest 2 months show a markedly lower rate of increase than previously. That also shows up on a 3-month span basis, but over the whole 12 months, the latest rate of increase is the highest to date. Although these wholesale price figures indicate a slackening rate of inflation, it is still a bit uncertain. And one reason for that uncertainty, is indicated in the panels that refer to unit labor costs, labor compensation rates, and output per man hour.

Chart 1.

Measures of the Rate of Inflation

Percent changes expressed at annual rates,
and plotted at terminal month of span.



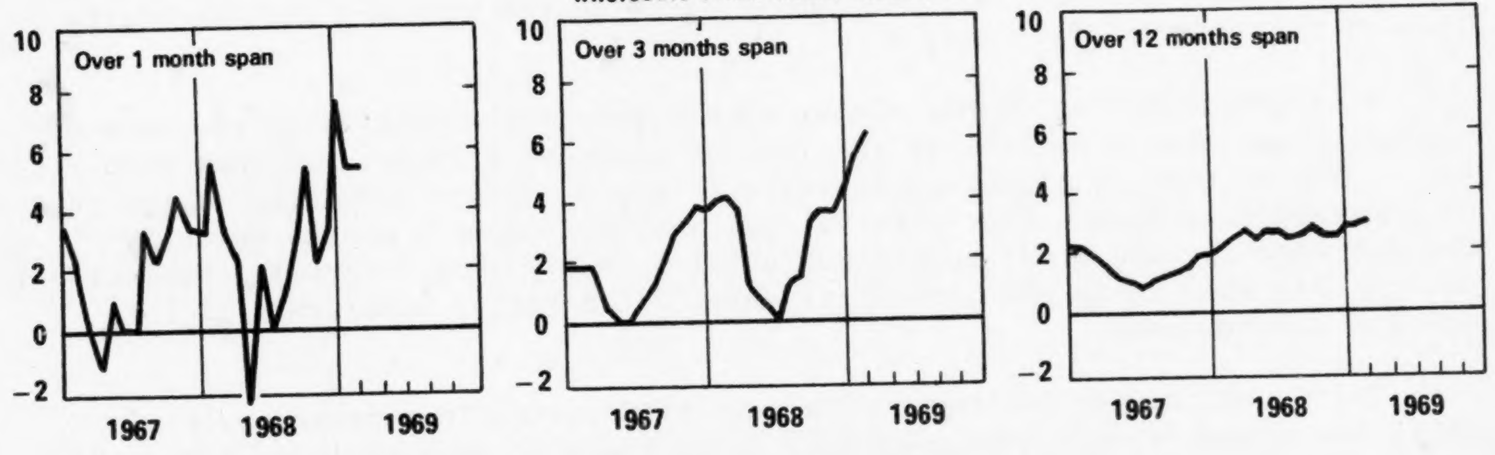
UNITED STATES DEPARTMENT OF LABOR
BUREAU OF LABOR STATISTICS

Chart 1. (continued)

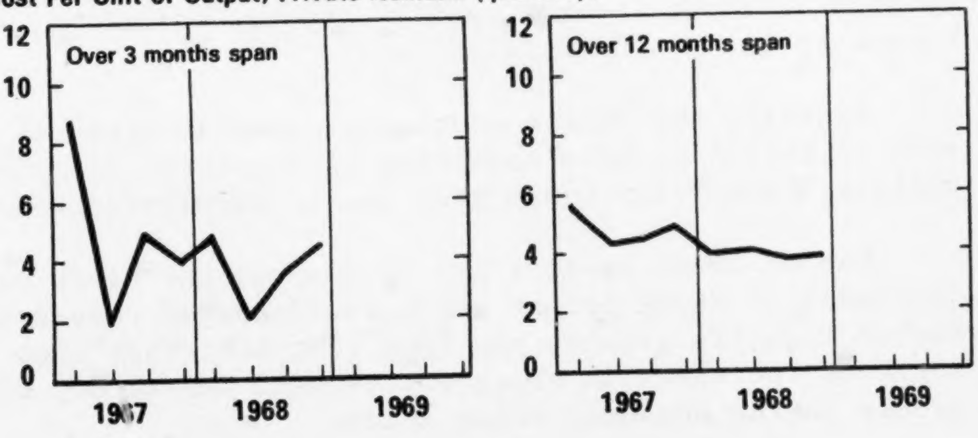
Measures of the Rate of Inflation

Percent changes expressed at annual rates, and plotted at terminal month of span.

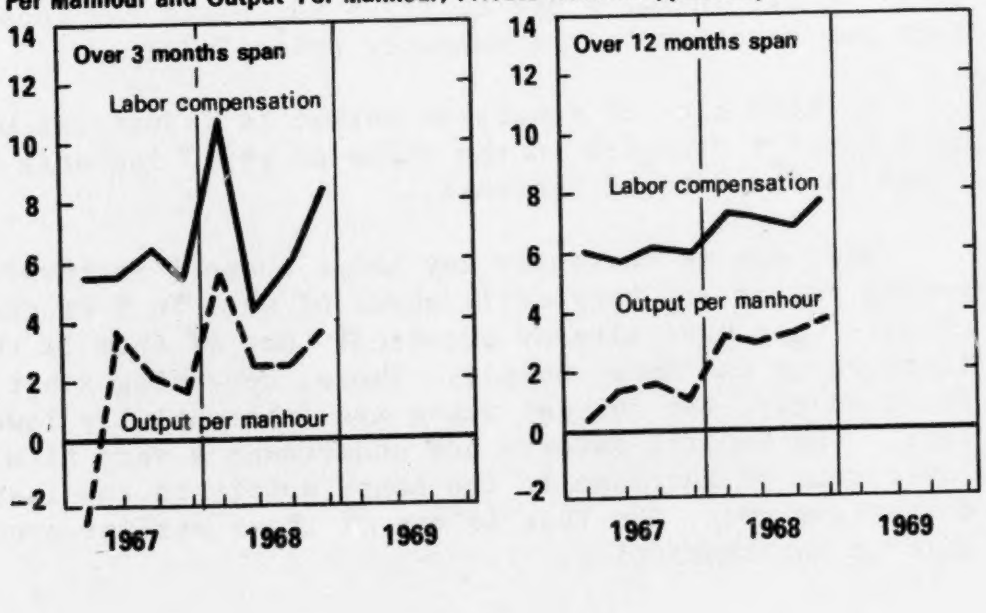
Wholesale Price Index, Industrial



Labor Cost Per Unit of Output, Private Nonfarm (quarterly)



Labor Compensation Per Manhour and Output Per Manhour, Private Nonfarm (quarterly)



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One of these--and this has been quite a regular rule--is that a decline has occurred in the rate of increase of money supply before a decline in the rate of price increase. The interval between a decline in monetary growth and a decline in the rate of price increase has averaged about a year. The variations in that lag have been as long as a year and a half, although on some occasions they have been 3 or 4 months or even less. Typically, a decline in the rate of increase in the money supply has occurred before a decline of the rate of increase in price level.

A second factor which has almost always preceded a decline in the rate of inflation has been a decline in the rate of increase of Gross National Product. GNP has usually slackened its rate of growth before a decline in the rate of increase of prices. That interval has averaged about 8 months which is shorter than for the money supply but still a fairly long interval. Variations in that lag show up in the historical data, but a rather consistent picture emerges nevertheless.

Third, before any decline in the rate of increase in consumer prices, there has almost always been a decline in an index of leading indicators. No matter what kind of index you construct, and a variety have been constructed, they all behave in much the same way. I draw from them the proposition that a decline in those indexes usually appears before any decline in the rate of increase in the consumer price level.

Finally, the fourth event that usually precedes this slackening in the rate of inflation is a narrowing in the scope or price increases in various sectors, especially those that can be considered sensitive to market forces.

One of those sectors is, of course, the stock market. If you look at the increases in stock prices and how widespread they are among different companies or industry groups, you find that there has been some diminution of the scope of increases in stock prices well before any decline in the rate of increase in the Consumer Price Index.

Another sensitive market is industrial commodities. Again a decline usually occurs in the scope of price increases for those commodities well before any reaction in the Consumer Price Index.

A third kind of sensitive market is industrial wholesale prices. These also usually diminish in the scope of price increase before the CPI shows a decline in its rate of increase.

What can we currently say about these 4 factors? Have we seen them happening yet or are they still ahead of us? In 2 of the 4 the situation is very clear. They have already occurred. One of them is the decline in the rate of increase in the money supply. There, depending a bit on how you measure the money supply, the current rates are substantially lower than they were last year. The Federal Reserve has undertaken a very firm policy to maintain a much lower rate of increase in the money supply in the last 4 or 5 months, than it was doing last year. So that is one of these earlier events that is clearly observable in the statistics.

In general, the rate of increase in labor costs per unit of output has been fairly steady with no indication of any deceleration. The reason is that labor compensation has increased at a much more rapid rate than output per man hour. As long as there is a marked discrepancy in the compensation rates compared with output per man hour, you get an increase in unit labor cost which sooner or later gets reflected in prices. We have been living in that kind of inflationary environment the past 3 or 4 years.

There are no figures at present for compensation rates beyond the first quarter of this year, but recent settlements in union contracts do not show any indication of a deceleration. Increases have been about 7 percent and even higher in certain industries, such as construction.

That gives a good picture of what the current statistics are showing for the rate of inflation. Let me turn to the economic developments one might expect before the rate of inflation declines. What do we usually have to wait for, judging from past experience, before we see a decline in the rate of inflation? And also, what is it we usually do not have to wait for?

We know from historical experience that we do not have to wait for a business recession before a decline in the rate of inflation comes about. A recession, of course, could produce a decline in the rate of inflation, but historical experience shows it is not one of the necessary conditions. More often than not in the postwar period, a decline in the rate of increase of the Consumer Price Index started before a recession began, and in some cases no recession at all developed. For example, the successive peaks in the rate of increase in the Consumer Price Index came in 1946, right after the war, in 1951, in 1956, and in 1959. Each of those years *preceded* any recession either by a year or two. Although the recession did follow, I do not think from any economic point of view that they were at all a consequence of the decline in the rate of increase of the CPI. One reason why I think that is so is that in 1966 there was an appreciable decline in the rate of increase in the Consumer Price Index but nothing that we can call a recession. There was some leveling off in activity but no major decline. This implies that we do not have to wait for a recession before we can expect to see a decline in the rate of increase in the price level. It also implies that we do not have to wait for unemployment rates to become high before the rate of increase in the consumer price level declines.

Another example was in 1952-53, when the increase in the Consumer Price Index was about 2 or 3 percent per year, very low compared with its current rate of 5 or 5-1/2 percent. But the unemployment rate, instead of being about 3-1/2 percent, as it now is, was even lower. It was then 2-1/2 to 3 percent. So, we can have a low rate of increase in prices and a low unemployment rate at the same time. They are not incompatible.

So much about what we do not have to wait for. I do not think we have to anticipate a recession before a decline in the rate of inflation, but some things usually do precede a decline in the rate of inflation. I would like to mention four of those types of developments and then indicate which of them have already happened.

The second one is one I already mentioned, the decline in the rate of increase in the GNP. That too, has been going on for a year.

The situation for the other two mentioned is more questionable. As to leading indicators, although the rate of increase has been slackening, you cannot see a general decline. No index I have seen has actually reached its peak and started downward.

As to sensitive prices, you are all aware of the decline in the stock market, but the commodity market is a bit harder to see. Some commodities have declined: lumber prices have dropped substantially. But I would hesitate to say there has been general decline in the scope of price increases in these sensitive markets, as yet.

Hence, although some of the usual precedents for a decline of the rate of increase in the consumer price level have occurred, others have not, and the situation altogether is a bit mixed.

One reason why, in this instance, the lags may be a bit longer than average, has been an unusual build-up of expectations throughout the business community and consuming public. That is, businessmen and consumers have altered their expectations about inflation in the past 3 or 4 years. There is some definite statistical evidence of this alteration in expectations. One is the quarterly survey by Dun & Bradstreet of manufacturers, retailers, and wholesalers, where they simply ask: Do you expect an increase or a decrease in your own prices over the next year, looking forward about 6 months, compared with a year ago? The number of people in that survey who have answered, "I expect an increase in prices" has been rising steadily and dramatically for the past 4 or 5 years. The latest figures I have seen are about 80 percent reporting this expectation starting from a level of about 60 percent some years ago.

Similarly, a survey of consumers' expectations regarding prices shows just about the same thing, with a very dramatic and steady increase in the number of people who say they expect prices to go up over the next year or so. Those figures are now about 90 percent--nearly universal.

There has been this shift of expectations; such expectations usually lag behind events. People in general are not very good forecasters. Exceptions occur, but evidence shows that most forecasts, particularly for prices, follow rather than precede the event. People are moved by results, by evidence, and so far the population as a whole, whether business or consumer, have not seen any evidence of a decline in the rate of price increase, and they are not saying that they expect it. A nation's expectations are not altered overnight, unless there is some very dramatic development. For instance, a sudden and dramatic development to end the Viet Nam war might shift expectations. Aside from that kind of dramatic development, a rather slow shift of opinion is more likely.

Bringing about a shift in such expectations is almost the most important thing for economic policymakers to be concerned about. The reason is that when people expect continued and even accelerated price increases, they make decisions they would not make otherwise on the basis of those expectations. For example, they borrow money at high interest rates, and pay 7 percent, 8 percent, 9 percent for mortgage or short-term money. They pay that because they expect the price level will increase, and they will be paying back loans at a higher price level. Money in effect will be cheaper when they have to repay the debt, and the higher interest rate is worth paying to get the funds now. These expectations also lead to higher wage demands. People figure that they have to get a 5 percent wage increase nowadays just to cover the rise in the cost-of-living.

These expectations generate all sorts of speculations regarding the dollar and its future, both foreign and domestic. We have seen that in the gold markets. These decisions that are influenced by expectations then, in turn, help to feed the inflation that really brought them about. This self-generating process feeds inflation and, to some extent, verifies the expectations themselves.

Reversing these expectations is very important in economic policy. Officials in Washington are well aware of this, and are bending every effort to bring it about.

To sum up on the short run outlook: A slower rate of growth and economic activity is in the making, but without recession; and the fight against inflation is still in a fairly early stage. As a consequence, patience and a firm hand on the rudder of economic policy are in order.

Now, let me make a few remarks on the longer run outlook. They are not comprehensive in any way, but you may be interested in a couple of points.

One of them is illustrated in chart 2. The expansion of service industries has tended to stabilize aggregate employment. The declines in employment in each of the commodities industries has been quite substantial in each recession; whereas, at the same time, changes in employment in the service industries have been negligible. The service industries actually have experienced increased employment during 3 of these 4 recessions. As a result, total nonfarm employment has undergone a smaller percentage of change than the goods industries.

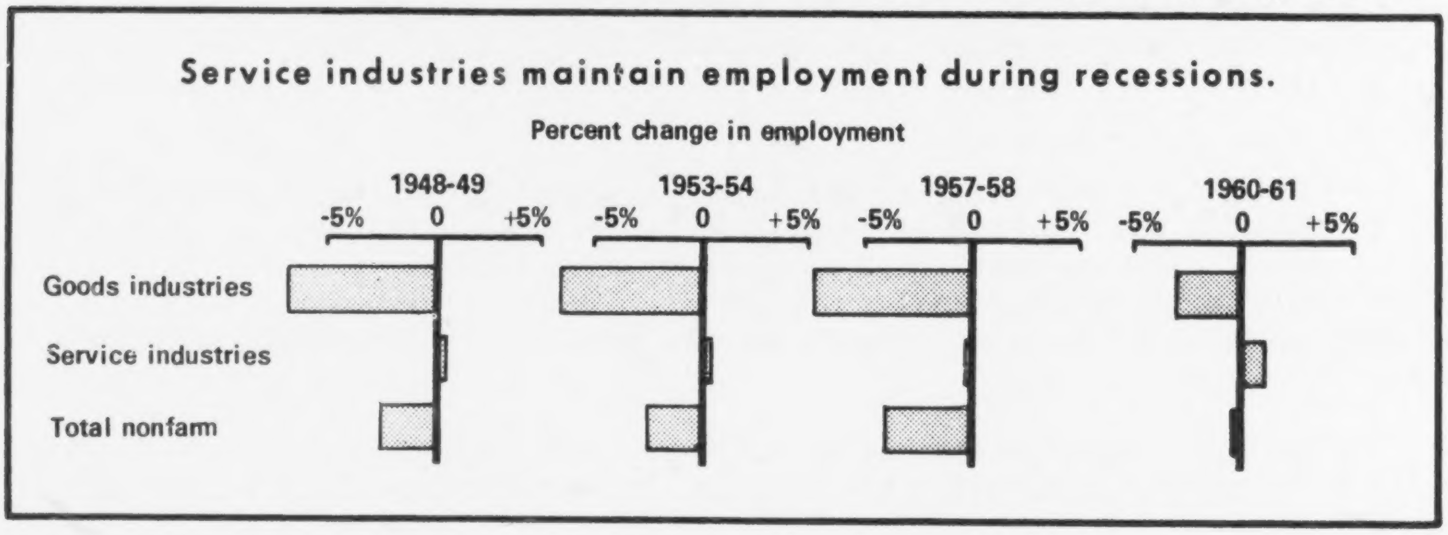
The projection made by the BLS for 1975 shows a further shift; greater growth was in the service industries. Our current projections for 1980, as yet unpublished, show about the same picture. The projected shift is likely to reduce further the decline in total employment, if there are recessions. Greater stability in employment growth, with fluctuations in the rate of growth of the total, becomes more likely rather than absolute declines. So that is an optimistic sign for the longer run future.

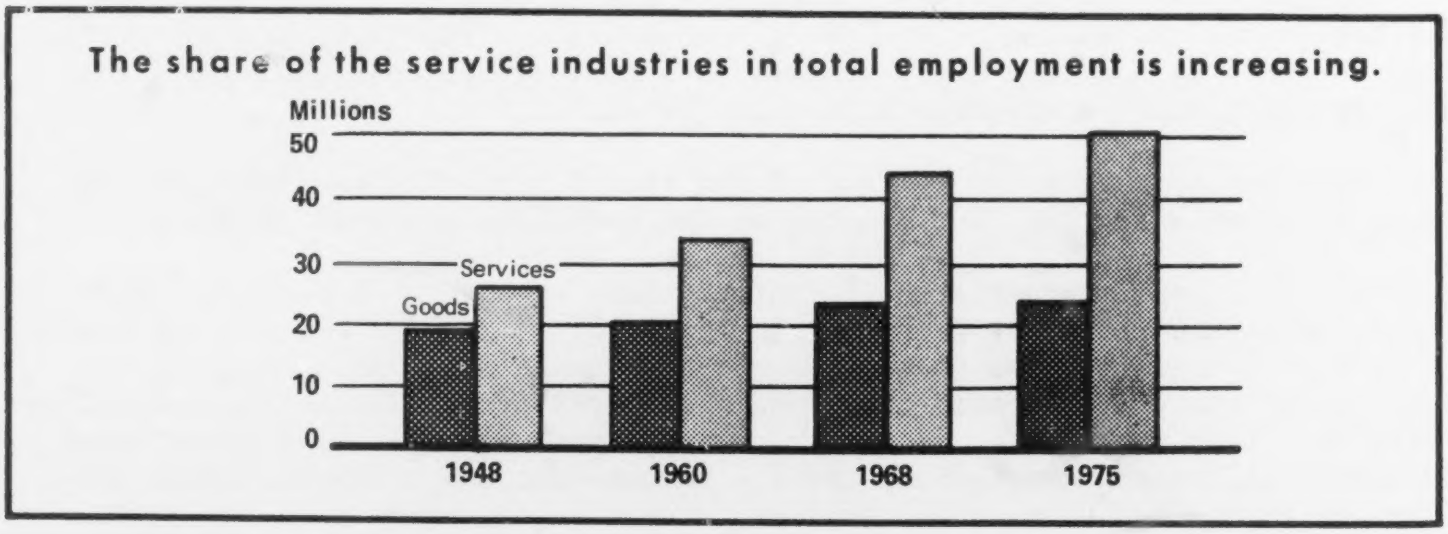
There is almost bound to be a greater role in our economic policymaking for manpower policies, along with monetary and fiscal policies. Manpower policies are likely to become more powerful, relative to monetary and fiscal policies, in maintaining full employment and sustaining a high rate of economic growth without inflation.

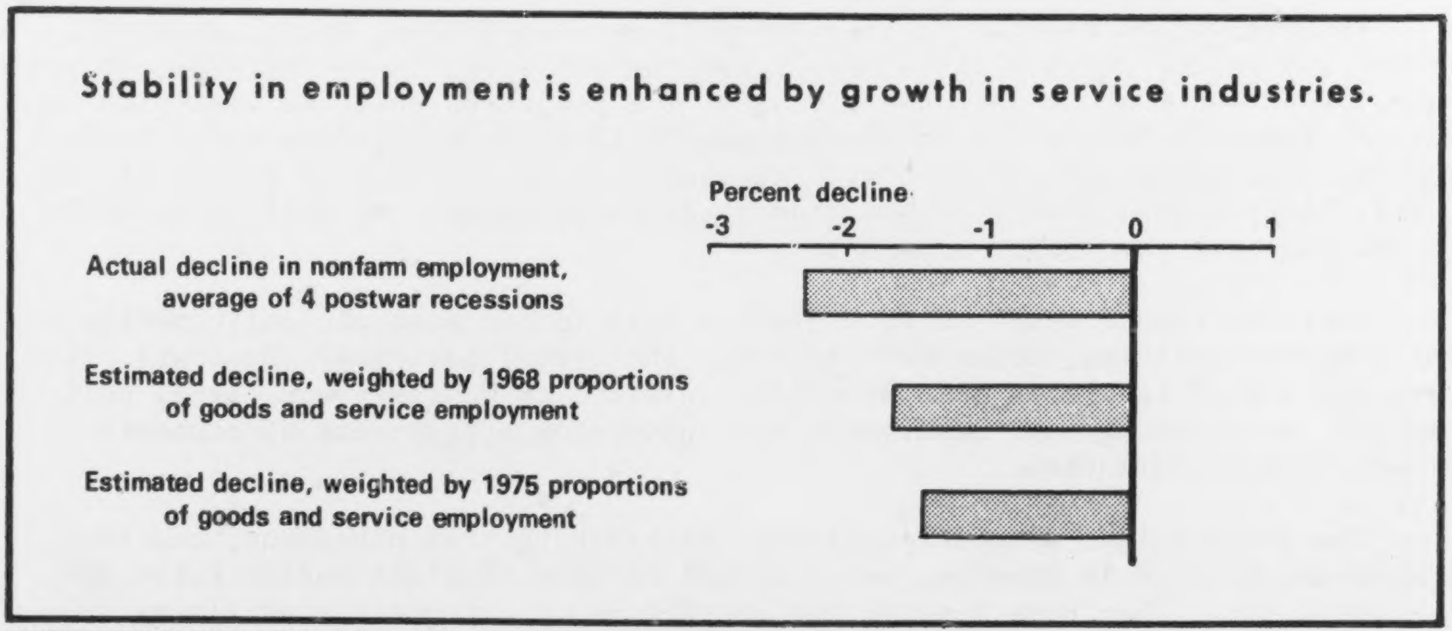
The potential of manpower policies for training, for placement, and for income maintenance is growing, but I do not believe they are really fully appreciated yet. They have some of the attributes of automatic stabilizers.

Chart 2.

The Role of Service Industries in Stabilizing Employment


Service industries maintain employment during recessions.


The share of the service industries in total employment is increasing.


Stability in employment is enhanced by growth in service industries.

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Unemployment compensation, for example, operates as an automatic stabilizer just as the income tax does. Training, placement, and job information activities operate to offset inflation and at the same time counteract recessions, as well as promote economic growth.

Policies that have all those attributes will become better appreciated, and we can look forward to their development. This implies an expanding role for what you people are doing. Manpower policies are largely directed or applied locally and local area statistics are needed to apply them and to evaluate their effects.

Finally, and partly by way of apology to our Canadian colleagues for subjecting them to an analysis of the United States economic setting, let me say that the international side of economics, will become even more important than it is today. International economic relationships for trade, capital investment, financial flows, prices, interest rates, the activities of multi-national firms and so on will receive greater attention than they are getting today. One factor that suggests this is the tendency in many ways for economic development in the United States to become more stable. I do not believe this is true on the trade balance side, particularly exports. From this quarter our economy is more subject to instabilities than it has been in the past.

Although most countries, including Canada, have experienced less serious economic fluctuations in the postwar period than the United States, their changes seem quite similar. Studies in Canada, Japan, Germany and other countries have suggested this. We have much to learn from one another's experience, as well as an incentive to keep track of what is going on currently throughout the world.

MR. ALFRED SKOLNIK: (Department of Health, Education, and Welfare) · When you discuss the four factors that might have some relationship or give some indication of what may be happening to prices, you did not mention the Federal budget or fiscal policies. Did your previous studies not show much in that relationship or could you not make head or tail out of the current situation?

MR. MOORE: I would say two things: One is, if you look at the budget historically, the relation between its movement and the price level is not close. I chose the four factors because of the regularity of their relationship. Even in those a fair amount of irregularity has occurred. As to the budget surplus or deficit, you find historically still more irregularity in that relationship.

On the second comment, I regard what happens to the budget as very important for those expectations and the developments mentioned. Businessmen and the general public regard a tight budget, a well-run budget that is under control, as anti-inflationary and it affects their expectations. If the Federal government does not have this kind of stance, they will think that things are out of control or that we are willing to let them get out of control, and their expectations will be affected accordingly. This is true both domestically as well as for people in other countries who deal with us. It is therefore of vital importance to develop this stance of a Federal budget under careful control, because of the expectational element.

MR. LEO TROY: (Rutgers University) Does the Bureau of Labor Statistics have any program in mind for development of job vacancies, which, from your experience in the National Bureau of Economic Research, is something the government has long needed?

MR. MOORE: We certainly do have a program under way to develop job vacancy statistics. Starting early this year in a number of cities we are already gathering statistics. Plans have not been quite firmed up yet to enlarge the scope of these data to cover the nation as a whole, at least on a sample basis. I hope very much to keep pursuing that development and providing and publishing the statistics during the next year or so.

MR. GERALD STARR: (Ontario Department of Labour). What about the state of the trade-off analysis between unemployment and the rate of increase in prices, for the short term?

MR. MOORE: If you just make the usual type of correlation study, it is clear that when unemployment is high, the rate of increase in the price level is generally lower than when unemployment is low. You have to look carefully at the sequences in which these developments occur, and also study some of the exceptions. One point about the sequences is that the rate of increase in prices has usually declined before the unemployment rate has begun to rise; and that is before a recession really develops. Secondly, there have been occasions--though they are probably more the exception that the rule--when we have had a relatively low rate of increase in prices and also a low unemployment rate, even lower than it is today.

The objective of economic policy today is to create a climate in which those conditions can be brought about again. The study of experience suggests that this is possible, and we have to direct our efforts to that end and make that possibility a reality.

W. J. Usery, Jr.
Assistant Secretary of Labor for
Labor-Management Relations
U.S. Department of Labor

This Administration has an active and serious interest in labor-management relations in the private sector and in the public sector. This afternoon's session concerns labor-management relations for government employees. Without trying to invade the territory of the afternoon speakers, I would like to refer to the broader aspects of labor-management relations in the public employee field.

The growth of public employee union representation in recent years has been dramatic. In 2 years--1965 through 1967--the membership of the American Federation of State, County, and Municipal Employees increased 60,000; the American Federation of Government Employees increased 64,000 and the American Federation of Teachers went up 27,000. Today, if National Education Association membership figures are included, 25 percent of all U.S. school teachers are organized.

In the Federal Service alone, unions currently represent on an exclusive basis more than 1,400,000 employees or 52 percent of the total Federal work force (excluding FBI, CIA, NASA, and foreign national serving outside the U.S). On January 1968, more than 800,000 Federal employees were paying dues amounting to $23,000,000 through payroll deduction.

Executive Order 10988 has provided a coherent and effective beginning framework for labor-management relations in the Federal Service since 1962. Now, it has been reviewed in depth and that review has been reviewed. Both Federal agencies and unions representing Federal employees agree that current policies and machinery need to be updated. A new Executive order designed to provide meaningful new collective bargaining machinery is probably the best way to accomplish the change.

There has been some handwriting on the wall where labor-management relations in the public sector is concerned. At local levels, for example, a sharp increase in strike activity by public service employees has intensified the debate and the legislation concerning the right of such employees to strike.

In 1967, the Bureau of Labor Statistics recorded 181 strikes, involving 132,000 workers, against State and local governments. School boards, towns, or counties were affected by 169 of the strikes. The principal issues of dispute were salaries, supplementary benefits, professional standards and union recognition or security.

Public employee strikes are illegal, but the effectiveness of such bans has been dubious. Strikes and threatened strikes have increased simultaneously with the growth of laws prohibiting strikes in the public service. Whether public employees should have the right to strike--or whether they should not--is not the point. The point is what are labor and management in this public sector doing through workable collective bargaining relationships to meet the legitimate needs and rights of working men and women. The bitter early struggles between unions and management in the private sector should have no counterpart in the new public unionism of today. If public management turns its thoughts on how to widen, rather than limit, the scope of union-management relationships, all sorts of possibilities can be opened up.

If public managers consciously set out to develop consultation and share personnel policymaking with their employees, a new form of industrial relations may emerge--a form or system based upon a broad cooperative bond, as opposed to the usual atmosphere of conflict. A concentrated effort must be undertaken to develop management industrial relations know-how in the public sector. This deficiency is serious today. The tools of management which have been developed in the private sector must be translated into tools that management in the public sector can use. Statistics and research, wage data, contract analysis, and technical assistance must be developed in the public employee field. A system of regulation, such as is provided to the private sector under the National Labor Relations Act, must be designed and put into effect . . . there must be a place to go to resolve grievances and settle disputes.

Public management attitudes which narrow and confine the scope of bargaining rather than broaden it, can be expected to produce hard, militant attitudes by unions. Enlightened management should take the lead to avoid such developments in the public service.

What we do in the Federal labor-management relations field can affect such relationships at the State and local level. The Federal Government should demonstrate leadership to which State and local governments can turn for assistance. A step in this direction has already been taken by the Department of Labor. A beginning research program to develop information and statistics for use in public service collective bargaining is proposed for the next fiscal year by the Bureau of Labor Statistics. The results of such research should be invaluable to Federal labor-management relations--and to state and local labor-management relations.

For the future, unions will continue to grow in the public service. They will continue to expand their activities into those agencies which have not experienced significant developments to date. Nothing succeeds like success. As unions enhance their reputations for responsible and successful employee representation, the demand for their service will grow. Also, as an indispensible ingredient to improve labor-management relations in the public service, I foresee more enlightened management to meet and cooperate with responsible and responsive unions.

Throughout our society, people are expecting a constantly greater voice in the decisions which affect their lives. Public employees are no different in this respect. Public employees are a very high order of workers. They have high standards and a strong sense of dedication, yet they want to be free to exercise that dedication in their own way. They do not, in this day, expect to be exploited. And they are not naive, easily led by their representatives, or misled by management. They will insist on a high order of union leadership and will expect a high order of cooperation and fairness from management. And as we seek new techniques in labor-management relations in the public sector, so now do we turn to some old truths in the private sector.

Let me devote the rest of my remarks today to the labor-management relations climate under the Nixon administration as I see it.

In recent years, a policy of crisis and intervention by Government developed a considerable degree of immunity to hard-nosed collective bargaining. Both labor and management were getting "hooked" on the "government" drug. The treatment is being turned into different channels today. The patient, to be sure, has been having some sharp withdrawal symptoms, but I do not believe it is going to kill him. On the contrary, the renewed emphasis on real collective bargaining is already an invigorating and healthy improvement.

There were clear signposts pointing to the "do-it-yourself" concept, beginning with a campaign radio network speech by Candidate Richard Nixon last October. He said then: "I believe the Federal Government ought not to intervene with the give-and-take of collective bargaining unless there are compelling reasons . . ." He went on to say: "I do not agree with those who say that government should sit at every bargaining table; that would destroy collective bargaining and undermine free enterprise. In the next Administration hard bargaining will be the order of the day; the Federal Government will step in only when the failure of that process endangers the health or safety of our nation, or when other legislation such as the Railway Labor Act requires it."

Then, just before inauguration day, George Shultz appeared before the Senate Labor Committee for his confirmation as Secretary of Labor. In response to a senator's question, Mr. Shultz said: [Free collective bargaining] "is a better system for handling private disputes than a publicly imposed one. I would be very slow about a labor court system. I lean very heavily on the free system of collective bargaining that we have."

In the last weeks of the extended dispute in the longshore industry, Secretary Shultz leaned heavily on free collective bargaining. A substantial part of that system is the service provided when needed by the Federal Mediation and Conciliation Service (FMCS). The longshore dispute was ended with the assistance of the FMCS, but it was the parties, themselves, who reached agreement.

Labor and management in the American Airlines deadlock, when faced with the "do-it-yourself" concept, found agreement after a strike of 3 weeks. Had they really been bargaining for almost a year before that strike?

For the dispute involving the railroads and the Signalmen's Union, it was again the parties to the dispute who reached agreement and avoided a shutdown. With the strike deadline set for 6:01 a.m. on a Monday in April, the Secretary called in representatives of the union and the railroads, and assigned to me the task of helping them reach an agreement. I started helping them at 10:00 a.m. on a Saturday. At 4:30 p.m., Sunday, everyone was hanging on the ropes and wanted to take a break. In keeping with the Secretary's policy of leaning heavily on the collective bargaining system, I kept the parties negotiating until they finally reached agreement at 2:30 Sunday afternoon. I would not say that we did much for regular hours and meals, but the agreement was accomplished and no nationwide railroad shutdown occurred on Monday morning. It is amazing what the parties can achieve with some honest-to-goodness hard bargaining!

These cases reflect the Department of Labor's policy on collective bargaining and labor-management in general as it has developed and continues to develop. This policy centers around three points. The key feature is our intention to generate an improved climate for free collective bargaining throughout the nation. This involves the fundamental concept of placing more trust in--and responsibility on--collective bargaining and the bargainers themselves. Second, in bargaining disputes we intend to keep at minimal levels anything that can be characterized as "government intervention." Mediation is not intervention. The use of mediation and the role of the Federal Mediation and Conciliation Service will be expanded. Third, we hope to devise special problem solving approaches for special situations including non-bargaining matters--situations where the parties view government services to be advantageous in the solution of joint problems.

I believe all this adds up to a reaffirmation of truly free collective bargaining. By free we mean free of outside constraints. Among other things, this means no guidelines designed to dictate wage settlement levels. It also means an absence of pressures on the parties to do something somebody else thinks they should do.

Another part of today's labor climate is of particular interest to me, since my principal responsibility as assistant secretary of labor lies in the labor-management field. If I have learned one good lesson about labor-management relations it is the importance of mutual respect by the parties to the negotiations. I speak of this from hundreds of collective bargaining sessions to which I have been a party over a number of years in the Machinists Union.

The extra effort that a man makes to get to know his opposite numbers away from the bargaining table is one of the many ways in which mutual respect can be accomplished. I have found that a good personal relationship with a man will make him a lot less likely to turn down my proposal out of hand. I believe firmly in seeking every avenue to the mutual respect which will mean that you can hammer out agreements in an atmosphere that is not charged with hostility. I do not think that establishing this kind of understanding means for one minute that a man must give up any part of his commitments to his side of the bargaining. It does mean coming to the table with an appreciation for the other man's problems and obligations. This sort of relationship is strong in today's labor climate. I have found it in every dealing I have had in the Department of Labor and with other branches of this Administration.

Let me conclude today with the thought that our target--be it in the public or private sector--is the fairest and most effective labor-management relations we can achieve. To hit the target, a lot of factors must operate together. The Mark Eight torpedo of World War II might be used as an example of how labor-management relations must function to reach its target. The Mark Eight torpedo was propelled by a turbine engine that was propelled by steam. The steam was generated by compressed air, alcohol and water. A small black powder charge was fired when the torpedo was launched. The air, at 2800 pounds per square inch, the alcohol and the water, all joined the exploding black powder and an irresistible head of steam began blasting the blades of the torpedo's turbine engine. On its way to the target, a gyroscope guided the torpedo's course and a hydrostatic valve regulated the torpedo's depth. A small propeller at the torpedo's nose moved a detonator into position so that only a slight jolt on the torpedo's nose was needed to explode the 500 pounds of TNT in the warhead.

Functioning together, as they should, each of the torpedo's propulsion and steering factors sent it direct to its target where it did its job. When any one of the functions failed, the chances of the torpedo accomplishing its objective were drastically diminished--or even ruined. So it is with labor-management relations--be it in the private or the public sector. Unless everything and everybody does his job, the important job doesn't get done.

LABOR-MANAGEMENT RELATIONS FOR GOVERNMENT EMPLOYEES
(Use of Research and Statistics in Evaluating New Legislation)

Chairman: Harry J. Waisglass, Director-General
Research and Development
Canada Department of Labour

It is a real privilege for me to be presiding over a session devoted to such an exciting field of recent experimentation in labor-management relations. Before I turn you over to the panel, I would like to supply a few words of background.

History tells us that, except when they have been accorded power, prestige, or wealth above the common herd, the servants of the State have not regarded themselves as essentially different from the servants of other masters. The earliest recorded public service strike occurred in ancient Egypt when the pyramids were being built. Nevertheless, public servants in more recent times have been among the last to get on the bandwagon of modern trade unionism, and among the last to bargain collectively under modern labor relations legislation.

Until recently the public has not been ready to give public servants the rights enjoyed by most citizens in labor relations. In both countries civil services have suffered from a bad press. Partly this is a heritage of folklore from the days of the patronage system: the civil servant was depicted as a grafter who did not really deserve his job. During the Depression when civil servants were one of the few groups in the labor force who enjoyed steady work, the suggestion that they form unions and bargain collectively must have sounded almost indecent. And in our day, as in others, public servants provide inviting targets for those who want special treatment or changes in regulations; thus the bad image is kept alive.

There are ideological supports to withholding bargaining rights from public servants: the two most common are the sovereignty of the State, and the pre-eminence of the public interest. These rather elastic concepts are capable of stretching to accommodate whatever a particular jurisdiction decides is an attribute of sovereignty or defines as in the public interest. Sometimes the majesty of the State is compatible with anything public opinion will tolerate.

Greater tolerance is shown public service collective bargaining in recent years for two reasons: First, employment in the public service has come to resemble employment in the larger industrial system. Patronage is almost a thing of the past, and most public servants are recruited on the basis of an evaluation of their training and experience. Much of the direction of governmental activities is in the hands of highly trained technical specialists rather than general-purpose clerks. Techniques of modern management increasingly are being brought to bear on governmental activities. Second, employment on the outside more and more resembles public service employment: the white-collar labor force has grown far more rapidly than the blue-collar in both countries, and a large proportion of workers, both white-and blue collar, are now employed by huge private bureaucracies. These organizations exhibit some of the same behaviour patterns as government. In this changing work environment, to suggest that the public servant is becoming less of an alien figure is surely not completely fanciful. The tendency in the U.S. for young professionals to move back and forth between industrial and public service employment must do something for the public service image; this particular career pattern has not yet emerged in Canada.

Not many years ago there was talk about the trade union movement in North America having reached a plateau. The labor force was becoming increasingly white-collar in its composition; employment was leveling off in goods producing industries, traditionally the stronghold of the trade union movement. White-collar workers were difficult to organize, so, it was argued, the unions would have to fight harder and harder to maintain their position in the economy. The Public Administration sector may have provided a takeoff point for further union growth and development.

Government Employment

In the decade 1956-66, total government employment in the United States rose 3.6 million from 7.3 million to 10.9 million, or 49.3 percent. The growth, in major part, was attributable to a 62.7 percent rise in State and local employment from 5.1 million in 1956 to 8.3 million in 1966. Federal employment also grew but at a slower rate, from 2.2 million to 2.6 million. In Canada we do not have figures for exactly the same period, but between 1961 and 1968 employment in the public administration sector went from 387,000 to 474,000, a 22-1/2 percent increase. This included municipal, provincial, and Federal employment of the more strictly administrative kind - the classification omits a number of significant areas of government employment. The growth over this period was markedly less than that of paid workers generally, which was 33 percent over the same period. Federal departmental employment in Canada grew from 205,000 in 1961 to 237,000 in 1968, a 16 percent increase.

Union Membership

For the 1956-66 decade in the United States, growth in union membership among Government employees at all levels more than offset losses in the private sector. It rose 88 percent from 0.9 million members in 1956 to 1.7 million by 1966 or about 9 percent of total union membership in that year. Of these, about 1.1 million were in Federal service, and 600,000 were State and local employees. Since 1966, all the evidence points to further gains at all levels of government. Among the unions at the Federal level that have particularly participated in this growth were the American Federation of Government Employees (up 135,823) and the National Association of Letter Carriers (up 81,628); at the State and local levels the American Federation of State, County, and Municipal Employees rose 131,277, and the American Federation of Teachers increased membership by 75,000. In Canada the picture has not changed too much except that staff associations previously in existence have suddenly emerged as full-fledged unions. In 1968 union membership in public administration stood at 206,000, 3/ or a little over 10 percent of total union membership. Two public service unions, the Public Service Alliance of Canada, and the Canadian Union of Public Employees, are among the largest in Canada. They had 1968 memberships respectively of 98,000 and 116,000.

Besides providing a rich vein for mining new recruits, public service collective bargaining offers the opportunity for unions to gain experience in bargaining for professionals. One unique feature of some of the legislation we are examining is that bargaining rights are provided for professionals. Whether or not a trend develops will probably depend on the kind of satisfactions the professionals, their bargaining agents, and their employers gain in the process.

Bargaining of one kind or another between public servants and their employers has been going on for a long time in both countries. The differences have been in the amount of pressure governments have allowed their employees to exert. Generally, the United States has been more conservative than Canada in these matters. Compulsory arbitration of disputes involving municipal police and firefighters goes back to 1947 in Ontario. The Federal Government and a number of the Provinces concede the right of their employees to strike, subject to a variety of limitations. In the United States at the moment, mediation and factfinding panels represent about the extent to which governments allow their arms to be twisted.

The situation appears to be highly fluid in the United States as well as in Canada. As soon as staff associations receive recognition and the check-off as under Executive Order 10988, the Wisconsin Municipal Employees Relations Act, and similar legislation on both sides of the border, you begin to get agitation for more bilateral determination of incomes and conditions of work.

All U.S. Federal employees must sign a pledge not to strike as a condition of employment. A number of unions have traditionally included no-strike pledges in their constitutions. However, the right to strike has become an issue at all levels of government. Three Federal unions and one State and local union removed no-strike pledges from their consititions during 1968; a number of unions have passed resolutions to study whether or not the strike bar should be dropped or have issued policy statements advocating the right to strike for public employees.

The history of strikes in the public services of both countries provides a eloquent testimony that making a thing illegal does not necessarily prevent it from happening. The common law doctrine of both countries prohibits strikes by public servants, and in many jurisdictions, especially in the United States, this has been bolstered by some pretty stiff legislation. Still, public service strikes in the United States, apparently go back to 1835, the year of the Boston naval yard strike. In Canada, municipal work stoppages go back at least to the turn of the century, while a strike of postal clerks and letter carriers in 1911 in Regina is the earliest recorded strike of Canadian Federal employees.

3/ The public administration category omits several important groups of government employees, for example, postal employees, Department of Transport's ships' crews, government agricultural workers, hospital employees, and employees of school boards.

In the face of severe penalties, the number of strikes in the United States has risen sharply in recent years: 1960 - 36; 1965 - 42; 1966 - 142; 1967 - 181; 1968 - 254. Most of these involved local government employees, most often teachers. Even when a group of employees will not defy the law, policemen all get sick at once, or teachers resign en masse as in the Province of Quebec just recently.

An examination of recent public service strikes in Canada indicates that, as in industry, it takes a bread-and- butter issue to bring about strike action. However, in government services are organized professionals who have strong non-economic interests. The recent New York City teachers' strike has been interpreted as directed towards preserving certain political powers. I wonder whether one day government scientists will strike over government science policy or architects over urban renewal.

Most public service strikes have been by employees who have some chance of bringing public pressure on their employer to settle. Teachers, hospital employees, garbage collectors, postal service employees, and urban transport workers constitute most of the serious public service strikes. The risk of strikes in the public service is in direct proportion to the amount of danger and inconvenience to the public resulting from a work stoppage in a particular area. Economists and statisticians know better than to strike: our employers might find they can get along without us. The elections made so far by the various negotiating units under the Public Service Staff Relations Act which allows employees to choose between binding arbitration and the right to strike, bears out the point just made: of 72 bargaining units certified under the Act, 7 units opted for conciliation and the right to strike. These included postal workers, air traffic controllers, electronics workers, and ships' crews.

One counter-example may be of some interest. In 1966, 1600 professional employees of the Province of Quebec struck for 2-1/2 months over the terms of a first agreement. As employees in some of the less "essential" services form larger bargaining units they could become more militant. They may get such satisfactory treatment in their smaller bargaining units that striking will simply never enter their minds.

The rise in strike activity has prompted a search for peaceful alternatives. In most impasse situations, one or a combination of resolution techniques have been employed; among them, fact-finding, mediation, and advisory arbitration. In addition, several States and localities have developed special grievance handling and bargaining unit selection machinery. New York City has established the Office of Collective Bargaining, a tripartite panel that provides negotiation assistance; Philadelphia maintains an advisory board with a neutral chairman for grievances; and Cincinnati has a board of review to assist in resolving impasses.

At present, public employers and unions are assessing third-party arbitration as a tool to resolve grievances and negotiation impasses, but in the United States the legality as well as the desirability of such a procedure is still much in dispute.

The legislation to be examined this afternoon is a series of attempts to provide a framework for harmonious labor-management relations, while at the same time preserve as much as possible of the sovereignty of the State. Most governments we are concerned with today concede the right of association to their employees. At the present time, 29 States have some form of collective bargaining or union recognition. Nine States have laws which make it mandatory for a public agency to bargain with unions and to enter into signed agreements. However, several of these State laws apply to municipalities only, and others have exceptions of various kinds. The laws of other States permit collective bargaining. In three States, public employers are authorized to meet and confer with employee representatives, as distinguished from collective bargaining.

On the other hand, collective bargaining and union recognition exists in many States and localities on a de facto basis, in a number of cases for a long time. Philadelphia is a case in point. Similar situations frequently exist for firefighters and skilled blue-collar workers who, over time, have developed effective lobbies at both State and city levels.

Several States outlaw unions or collective bargaining for all of some groups of public employees. Recent court decisions, however, raise doubts as to the legality of such prohibitions.

In Canada all jurisdictions grant the right of association. The collective bargaining that goes on amounts to little more than consultation in three provinces. In another three, compulsory bargaining leads to signed agreements, but no mechanism exists for breaking deadlocks. In Quebec, Saskatchewan, and New Brunswick as well as in the Federal jurisdiction, employees have the right to strike. Two provincial laws and the Federal law provide for binding arbitration.

This session is concerned especially with the evaluation of experience to date as well as to information needs for policy formation and for operational purposes. Statistics on government employment and membership of public servants in labor organizations need improvement; certainly at the local level these statistics leave something to be desired. We need detailed analyses of public service agreements and comparisons with contracts in other sectors of the economy to find out who leads, who follows, and under what conditions. Finally, we need as much information as can be obtained on the background of public service strikes to permit the parties and the legislators to pinpoint and remove unnecessary friction.

Collective Bargaining in the Canadian Public Service 4/

Robert M. Adams, Director
Compensation and Conditions Division
Personnel Branch
Canada Treasury Board 5/

In the time available this afternoon, I would like to comment briefly on our experience to date under the Public Service Staff Relations Act applying to employees of the Canadian Federal Government. I also hope to discuss data needs and resources in a public service collective bargaining environment.

The Public Service Staff Relations Act, which was passed by the Parliament of Canada and given Royal Assent on February 23, 1967, granted full collective bargaining rights to over 200,000 employees in Federal Public Service. Just 18 months ago, representatives of the employer, the Treasury Board, and the bargaining agents of the employees started to negotiate. Consequently, the experience under this Act has not been great in time. On the other hand, in slightly over one year we have faced and resolved a number of problems. No doubt the events of this year will form the foundation and pattern for future labor relations in the Public Service of Canada.

Before dealing with our experience under the Act, I might describe briefly the historical background which preceded the introduction of a full-scale collective bargaining regime in the Public Service of Canada.

Historical Perspective

Employee organization in the Canadian Public Service began in the 1880's in the Post Office and gradually spread to other departments. By the First World War, it was beginning to develop a discernible structure and its influence was felt in Parliamentary hearings dealing with such things as the need for elimination of patronage in Civil Service appointments.

The relationship between the Government, as employer, and organizations of its employees was, however, slow in developing. Until the Second World War, the relationship was between the Crown and a group of petitioners. The employee organizations were weak and divided, while the Government, as an employer, was richly clothed indeed in the doctrine of sovereignty. The character of the relationship remained unchanged between the Great World Wars, although various ideas and experiments, such as Whitleyism in the British Civil Service, led to growing demands for forms of joint consultation.

4/ For an earlier discussion of this subject, see Saul Frankel, "New Patterns for Collective Bargaining in the Public Service," Proceedings of the North American Conference on Labor Statistics, June 1967, U.S. Department of Labor, Bureau of Labor Statistics, pp. 36-43.

5/ Mr. Adams is now Assistant Deputy Minister (Immigration), Canada Department of Manpower and Immigration.

In 1944, the first important experiment in joint consultation was launched in Canada. A National Joint Council was established, providing the major employee organizations with a form of official recognition and a regular means of discussing conditions of employment with senior officials of the Government. The Council, which has continued for 25 years, gave to employer and employee representatives a first hand experience with the practical problems in reconciling differing interests and points of view. Its recommendations led to some important changes in conditions of employment--and, in 1953, to a decision by the Government to grant to organizations represented on the Council the voluntary revocable check-off. Although probably not recognized as such at the time, the latter decision was one of great significance, because it gave to the Public Service organizations the financial capacity to make huge strides in their efforts to expand their membership. As an institution, however, the National Joint Council proved to be slow-moving and quite unable to cope with pay determination, which was pressed to the fore by the postwar inflation.

After the Second World War, another forum for joint consultation slowly developed concerning pay determination for "classified" employees. During this period, the government reiterated its acceptance of the principle that the pay of civil servants should be comparable to rates paid by "good" outside employers for similar work.

In the late 1950's the Civil Service Commission began to consult informally with employee organizations before formulating its pay recommendations. These consultations were designed, in part, to allow the employees to express their views on pay matters and to bring to light any new evidence that might influence the Commission to render a more favorable pay decision.

In 1957, an independent Pay Research Bureau was established, as an arm of the Civil Service Commission, to survey rates of pay and conditions of employment in the Civil Service and in the private sector and to make its findings available to representatives of the employees, to the Commission, and to the Treasury Board. Before 1957, pay determination was basically a matter of examining general indicators of wage movements in the economy and applying these to Civil Service pay rates. Some reliance was placed on mailed surveys of occupational rates of pay carried out by the Federal Department of Labour, but these surveys concerned only certain basic office service and maintenance classes and had no application to other administrative and professional classes.

The Pay Research Bureau was set up to conduct field investigations in which officers would visit a sample of outside employers to match Civil Service jobs and similar jobs performed in the private sector and in other governmental jurisdictions.

The work of the Pay Research Bureau, which still continues, had a very real impact on the relationship between the Government as an employer and its employees. Joint access to the results of pay research led to a much more active type of joint consultation about the manner in which the data were interpreted and used in determining pay. This process was finally given statutory recognition in the revised Civil Service Act of 1961. The Civil Service Commission was required to consult employee organizations before making recommendations, and the Treasury Board to do so before deciding changes in rates of pay. Unfortunately, this procedure proved cumbersome. At the time few people recognized that the era of joint consultation was coming to an end. By itself, machinery designed to provide opportunities for exchanges of information and opinion was inadequate. By the early 1960's, the Public Service had grown greatly in size and complexity and was faced, at all organizational levels, with unresolved problems of personnel policy and management. A rapidly increasing proportion of its employees held membership in organizations no longer satisfied with the right to be consulted. The organizations were pressing for a genuine system of collective bargaining. In a society in which collective bargaining had become widely accepted in private employment, the Government had difficulty resisting these concepts in the Public Service. As the current President of the Treasury Board said recently in a speech,

> "The cloak of sovereign authority was still available, and was still used but it was worn with a growing sense of unease. In point of fact, it was becoming threadbare and going out of style."

The big break came in 1963, when a new Government introduced a system of collective bargaining and established a committee of senior officials to develop the necessary legislative and administrative proposals. The committee was called the Preparatory Committee on Collective Bargaining in the Public Service. Mr. Arnold Heeney, a distinguished Canadian public servant and former Canadian Ambassador to the United States, and a recognized hand at making committees work was designated chairman.

The Preparatory Committee was asked "to make preparations for the introduction . . . of an appropriate form of collective bargaining and arbitration, and to examine the need for reforms in the systems of classification and pay." It was authorized a full-time staff drawn from both inside and outside the Service and to consult freely with existing employee organizations. Its work was destined to have an enormous influence on future events.

To understand the reasons for this influence, some appreciation of the climate prevailing in the Public Service in 1963 is needed. A year earlier, the Glassco Commission, which was similar to the Hoover Commissions in the United States, had produced a massive report calling for radical changes in the Public Service. In personnel management, its criticisms and recommendations had received a mixed reception. It looked as if the resistance to change for which any large-scale bureaucracy has a considerable capacity might frustrate the type of radical administrative reform that was needed. In 1963, the forces of reform and reaction were balanced, and it was difficult to tell how the scales would tip.

As it turned out, they were tipped rather decisively in the direction of reform by the commitment to collective bargaining. Once the commitment was firmly made, almost everyone on the management side realized that steps would have to be taken to put the house in order. People on the labor side came to a similar conclusion about their own affairs. The Preparatory Committee benefited greatly from the resulting change in outlook and attitude. It was able to proceed with its work in an atmosphere conducive to favorable consideration of the type of upsetting, far-reaching, fundamental and potentially beneficial change that the introduction of collective bargaining requires.

I would like to emphasize the words "upsetting, far-reaching fundamental and potentially beneficial" because they are the Canadian experience. Anyone contemplating the successful introduction of public service bargaining without the change that these words imply is living in an unreal world. It would not have been possible to graft a genuine system of collective bargaining onto the Public Service of Canada of 1963, and leave unchanged the existing legislative framework, the existing structure of authority and the existing complex of policy and procedure.

In 1965, the final report of the Preparatory Committee was made public. Its recommendations, modified further by consultation between the Government and the major employee organizations, and a rather severe postal strike, were incorporated in a bill presented to Parliament in the spring of 1966. In March 1967, having been passed by Parliament, the Public Service Staff Relations Act came into effect.

The Public Service Staff Relations Act

Quite briefly, the act established an independent Public Service Relations Board, with many of the same functions as the National or State Labor Relations Boards. It certified bargaining agents for predetermined bargaining units. It is important to stress "predetermined." To start the process orderly, the legislation provided that, in the initial years, bargaining units would be constituted along occupational lines following the new classification system that had been installed in the Public Service also as a result of the Preparatory Committee's recommendations. This system has six broad categories which are further subdivided into about 70 occupational groups. A bargaining unit must follow occupational group lines although a group can be split into supervisory and non-supervisory units. There are also provisions for further splitting out of bargaining units from occupational groups in special circumstances and for certifying a council of bargaining agents to represent a bargaining unit.

The Public Service Staff Relations Board polices Staff Relations Activities through its power to prohibit unfair labor practices. The law provide for negotiation of collective agreements governing rates of pay and most terms and conditions of employment; for settlement of disputes by binding arbitration or by conciliation coupled with the right to strike; and for settlement by independent adjudication of grievances arising from interpretation or application of agreements or from the more extreme firms of disciplinary action.

Bargaining units have the right, before each round of negotiations, to adopt either binding arbitration if agreement cannot be reached with the employer, or conciliation and strike. All employees in bargaining units may strike except those few who are designated by the Board as "essential to the safety and security of the Public."

The Employer Under Collective Bargaining

In coming to grips with collective bargaining in the Public Service, one of the most difficult tasks was to identify "the employer" and to secure its identity and provide it with the authority to function effectively.

Under the parliamentary system of Government that prevails in Canada, the Government, for practical purposes the Cabinet, must at all times command the confidence of a majority of the elected members of the House of Commons. If it loses that confidence, it must call an election or relinquish office. But, so long as it retains that confidence, it controls the tools of office, including the capacity to determine public services rates of pay and conditions of employment and the capacity to obtain authority for the necessary expenditure of public funds. In this sense, it can acquire the normal characteristics of an employer and the authority that an employer must have to make commitments at the bargaining table.

The situation in 1963 was not as simple as these words would suggest, however. There may have been no constitutional barriers to identification of the employer but there were some seemingly insurmountable statutory road-blocks in the provisions of the Civil Service Act. Passed in 1918 to remove the influence of political patronage in Public Service employment and modified very little in the intervening years, this Act defined in detail certain conditions of employment, including hours of work, vacations, sick leave, and paid holidays. It gave to deputy ministers, the permanent heads of departments and agencies, discretionary authority in a number of areas including discipline. It vested in an independent Civil Service Commission the authority to make appointments classify positions, regulate certain conditions of employment, and make pay recommendations.

In all of these ways, the Act severely limited the managerial authority of the Government and its agent, the Treasury Board. Since passage of the 1918 Act, the Treasury Board, for all practical purposes a committee of Cabinet staffed by officers of the Department of Finance, has had central control of expenditures. Its approval was required to change rates of pay and certain other monetary conditions of employment but, even here, its room for maneuver was largely restricted by the responsibility the Civil Service Commission to make recommendations. In 1963, the Treasury Board was simply one of several agencies in the complex central machinery of government. It was impossible to describe it as the employer, in the industrial relations sense of the term.

These arrangements, imbedded in law for 45 years, had been severely criticized from a quite different point of view. For administrative efficiency, the Glassco Commission had called for concentration in the Treasury Board the central authority required to manage the Public Service. Its recommendation had yet to be accepted, but people were becoming accustomed to the idea that the Board might be transformed into a central management agency possessing most of the characteristics of a corporate headquarters. It required only a small additional leap of logic and faith to begin thinking of it as the employer. The leap was taken by the Preparatory Committee and by the Government, which then prepared the necessary statutory changes. No fewer than four pieces of legislation were required.

1. The Government Reorganization Act of 1966 cut the Treasury Board off from its historic association with the Department of Finance and established it, under its own Minister, as a separate entity.

2. The Public Service Employment Act of 1967, replacing the venerable Civil Service Act, restricted the authority of the Civil Service Commission (now called the Public Service Commission) to the power of appointment.

3. The revised Financial Administration Act of 1967 vested in the Treasury Board the authority to determine all other aspects of personnel policy, including rates of pay and conditions of employment.

4. The Public Service Staff Relations Act of 1967 (PSSRA) identified the Treasury Board as the principal agent of the Government as employer for collective bargaining.

Under the new dispensation, then, the Treasury Board has both the statutory authority and administrative organization to function as the employer. Within limits determined and modified by Ministers, its officers negotiate, and, subject only to formal Ministerial approval, enter into binding agreements.

The Treasury Board has no authority to bargain collectively about conditions of employment that are governed directly by statute law. Of these, the most important is superannuation. The Board has no authority to bargain collectively about conditions of employment falling within the jurisdiction of the Public Service Commission, including promotions, transfers and lay-offs. In other areas, however, its authority is clear-cut.

The first formal negotiating sessions commenced a little over a year ago when we concluded 46 bargaining agreements out of a potential 80 collective agreements covering 156,000 employees. The one strike in the Public Service, that of the Postal Workers, lasted for three weeks last July. There has also been one arbitration case thus far. Most agreements that have been concluded have improved pay of Public Service employees 6 to 7 percent per year. In addition, improvements have been made in vacation leave, additional public holidays, severance pay, overtime compensation, shift premium pay, and other non-wage compensation items.

A number of significant developments have taken place since collective bargaining was introduced. I shall describe some of these briefly.

I referred earlier to a comprehensive reform of the classification system in the Public Service. Classification is not negotiable under the PSSRA. Because of the time required to develop and implement new and modern job evaluation systems and pay plans, a large part of the Public Service could not be converted to the new classification plan until well after the collective bargaining legislation was in effect. Consequently, a large number of occupational groups had to be negotiated the way in which the new classification and the pay plans attached to them would be implemented.

Serious problems were encountered for a number of reasons:

1. Substantial numbers of employees were over-classified. Therefore, some means of "red-circling" these employees had to be devised and negotiated, to ensure that they would not receive economic increases until the rates for their classifications equaled or exceeded their current pay rates.

2. The new classification and pay plans integrated employees who had been paid on a national salary range with those who had been paid on a system of locality rates. As in the United States, regional rates of pay in Canada vary for a large number of trades, labor and service occupations, and many basic office operations. When regions varied, a system of zones would be developed to reflect the outside labor market pattern. Initially, this system has been adopted for three groups--General Labor and Trades, General Services, and Hospital Services. The old system involved over 200 sets of locality rates, and would have created tremendous administrative difficulties. A more easily administered system would consider as much as possible regional and other factors that caused the variations.

The system that has been introduced is based on economic regions that were developed by our Department of Defense Production to permit analysis of economic developments in various parts of Canada. It consists of 68 regions which are general purpose in nature and can therefore be used to coordinate data on many factors. Basic production and marketing aspects are analyzed, and local economic conditions are interpreted and forecast. For practical reasons the economic regions follow census data units. Moreoever, they allow for political boundaries and administrative and socio-historical realities. However, each region represents a community of economic interest.

Sixty-eight zones would be too many to administer so economic regions were combined to make fewer pay zones. The system that has finally evolved consists of 36 zones which are based on economic regions having identifiable labor markets. All major metropolitan areas, as defined by the Census, are split to form separate pay zones within each region. These areas are grouped so that urban areas that have average weekly wages and salaries at or above the provincial average form one pay zone within a province while the remaining urban areas form another. For collective bargaining, modifications were made in certain high-wage urban areas which had large concentrations of Public Service employees to prevent Public Service pay rates being dragged down by rates prevailing in lower-paying localities.

3. Another significant development is that, with a few minor exceptions, bargaining rights are available to virtually every Public Service employee. The only employees who are prevented from engaging in collective bargaining are:

a. Personnel Administrators
b. Employees who are step officers in the grievance process
c. Senior executive officers
d. Legal officers
e. An employee occupying a manageral position
f. An employee acting in a confidential capacity to any of the above

On the other hand, we are negotiating with employees in widely diversified occupations such as Research Scientists, Accountants and Auditors, Doctors, Teachers, Engineers, Architects, Air Traffic Controllers, Clerks, Foreign Service Officers, and a wide range of blue-collar occupations.

In an organization as large as the Public Service of Canada collective bargaining poses large problems of communication and coordination. One problem has been to involve departmental management in developing and implementing bargaining policy. In addition, departmental managers need to be trained to apply and administer collective agreements and grievances.

4. One main benefit of collective bargaining in the Canadian Public Service has been recognition of the need to upgrade and strengthen personnel function in order to cope with all of the stresses and strains inherent in collective bargaining. A new awareness of the managerial role in the Public Service and the cultivation of a real management identity has developed.

5. The Pay Research Bureau has been placed under the Public Service Staff Relations Board. It continues to collect and analyze data on occupational rates of pay in the outside labor market and on fringe benefits of employees outside the Public Service. The findings of the Bureau are available to both the employer and certified bargaining agents. This development is fairly significant and novel in labor relations. Both parties to negotiation can request the Bureau to undertake surveys with complete confidence that their results will not be biased by improper job-matching. Of course, this does not mean that the parties necessarily have to accept as valid the sample or the universe from which the data are drawn. For a number of occupations two universes or samples are requested, one by the employer, the other by the bargaining agent. For other occupations, such as Engineers, Hospital Service classes, Economists, etc., there is general acceptance by both the employer and the bargaining agent of the validity of the sample.

Robert G. Howlett, Chairman
Michigan Labor Mediation Board

Although the subtitle is "Use of Research and Statistics in Evaluating New Legislation," I would not dare to discuss statistics before this group for I would have little to offer. We have worked in public sector employer/employee relations for such a short period that we are just beginning to develop statistics which can be useful in evaluating the legislation and the success, or failure, of the new venture.

Collective bargaining in the public sector is nationwide. Public employees throughout the country are demanding an opportunity to participate in the determination of their wages, hours and working conditions, as do their brethren in the private sector. This afternoon, I will thumbnail this activity throughout the country. Bob Helsby will cover the State of New York.

The first declaration that public employees have a right to engage in concerted activities was made in 1959 when the Wisconsin legislature granted this right to Wisconsin employees. The declaration was implemented in 1961, with administration vested in the Wisconsin Employment Relations Commission. In 1962, the Federal Executive Order 10988 was promulgated, followed in 1965 by public employment relations acts in Michigan, Connecticut, and Massachusetts. These statutes authorize public employees to engage in concerted activities and require that public employers bargain in good faith with representatives of the majority of employees in an appropriate unit.

Thirty States have legislated in the public sector. Nineteen States have mandatory statutes which require collective bargaining of public employers. The statutes range from the Georgia statute which grants the right of collective bargaining in only one county and the Montana statute covering only nurses to the statutes of Connecticut, Massachusetts, New Jersey, New York, Vermont and Wisconsin, which grant the right to all public employees. 6/ Several of these States have adopted "meet and confer" statutes which require discussion by a public employer, but apparently stop short of collective bargaining. This may be an exercise in semantics. The term may have been used by legislatures because some public employers dislike collective bargaining. 7/

Nine States have authorization statutes, which vest in cities, counties, and other local governments the power to recognize a representative of employees and to engage in collective bargaining. These statutes legalize collective bargaining, which had been declared illegal by court action or by attorney's general opinions. 8/ Some statutes include supervisors below the rank of top policymaking officials; others exclude supervisors. Some statutes grant professionals the privilege of their own units; several States have separate legislation for teachers; some include teachers with all other public employees.

All statutes provide some method to determine an appropriate bargaining unit and to select a bargaining agent.

Some statutes include unfair labor practices for both employers and employees; others have only employer unfair labor practices. Some States vest enforcement or administration of unfair labor practices in the commission or board similar to the practice under the National Labor Relations Act. Others provide for enforcement by court action.

6/ Connecticut; Delaware (state, county, local transit); Florida (firemen); Georgia (Chatham County); Louisiana (public transportation); Maine (firemen); Massachusetts; Michigan (all except State); Montana (nurses); Nebraska (State and local); New Jersey; New York; North Dakota (teachers); Oregon (nurses); Pennsylvania (police, firemen, transit); Rhode Island (State, teachers); Vermont; Washington (State and local); and Wisconsin.

7/ California; Maryland; Minnesota; Missouri; Oregon (teachers); Rhode Island (local, policy and firemen); South Dakota; Washington (teachers); and Wyoming (firemen).

8/ Alaska; Delaware (municipal); Hawaii; Nebraska (teachers); New Hampshire; North Dakota (cities); Ohio (public utilities); Oregon (State and local); and Washington (public utilities, port districts).

The prime purpose of these statutes is to require collective bargaining and, if agreement is reached, the execution of a contract by an employer and representative of the employees. Sometimes the parties are unable to agree. What, then, is the procedure in the public sector when there is an impasse?

Strikes by public employees have traditionally been prohibited in the United States. Thirty-five States have acted affirmatively by either statute, court decision, or attorney general opinion. Presumably, strikes would be prohibited in the States which have not acted. Since this address was presented, a trial court in California has held that public employees of the City of San Diego have the right to strike. [9] Only 2 States, Vermont and Montana, have authorized public employees to strike, in both instances with limitation. In Vermont, the statute provides, "No public employee may strike or recognize a picket line of a labor organization while performing official duties, if the strike or recognition of a picket line will endanger the health, safety or welfare of the public." [10] Montana authorizes strikes by nurses only, provided there is no strike in a hospital or nursing home within 150 miles from where the strike has originated.

During the past 5 years we have learned that although public employees do not have the right to strike, they do have the power to strike. Many academicians have argued that one significant difference between public and private sector labor relations is the prohibition against strikes by public employees. This distinction is minimized because the power to strike exists. A school board would find it difficult to replace all striking teachers, although in Michigan one school board broke a strike by teachers and their union. It is difficult, if not impossible, for a city to replace all policemen or firemen. One Michigan city threatened to replace all striking firemen, and seemed sincere in its announcement. The strike was called off after one week. Perhaps the city's threat was a factor in settlement.

Some States require a public official to apply for immediate injunctive relief for strikes. Other States provide affirmatively for penalties against strikers, including loss of pay, and against the union, including revocation of certification for a specific period and loss of checkoff. Other States vest power to enforce the statutory prohibition against strikes in the trial courts under the historical equity jurisdiction. In these instances, the courts may, as the Michigan Supreme Court has done, recognize that the injunctive process is an extraordinary remedy; an injunction should be issued only when the public health, safety, and welfare are endangered; and the public employer has come into the court with "clean hands." The "clean hands" doctrine requires the employer to bargain in good faith.

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[9] 301 GERR B-1

[10] Act 198, L. 1967, Sec. 32; see also, 16 V.S.A. Ch. 15, para. 1981, et seq.

The principal method of resolving an impasse is through mediation. *No public employment relations statute will work effectively without an effective mediation service*. If you forget every other thing I say this afternoon, remember this one sentence. If your State adopts a public employment relations act, you must have competent mediators.

Some States use solely staff mediators. The mediators in our division are all men of long experience who worked in the private sector before we were vested with public sector jurisdiction. Other States use ad hoc mediators. Arguments exist for and against both methods.

A second way to resolve impasses is through factfinding. This method is found in most public employment relations statutes as the terminal point of impasse resolution. Most States use ad hoc factfinders rather than staff personnel. The concept of factfinding is that the publication of the factfinder's recommendations will influence the public employer and its legislative body and the employees and their representative to adopt the very intelligent, practical, and rational proposal made by the third party neutral.

But what happens if factfinding does not work? Two possible means of resolution are strikes or arbitration. Arbitration may be voluntary or compulsory. In voluntary arbitration, the public employer and union agree to arbitrate the issues involved in the impasse, and to comply with the arbitrator's decision. Compulsory arbitration is required by statute.

There are 2 principal arguments against compulsory arbitration. It is a revision in our concept of representative government. It removes from the legislative body of the governmental unit involved power to determine policy, including how the public's money shall be spent. Sometimes this objection is worded in terms of "sovereignty." Compulsory arbitration may damage collective bargaining although this flaw may be overstated. We have had so little experience with compulsory arbitration that we cannot state categorically that it will damage collective bargaining. In factfinding, both employers and unions tend to "save one for the factfinder." If we adopt compulsory arbitration, we should embrace it with open eyes. We must recognize the change in democratic government, a system which has worked rather well since the establishment of the Republic.

In 1969 we do not know enough about arbitration to judge whether it will work or not. The method ultimately may be used to break stalemates between public employers and public employees. If the public is sufficiently inconvenienced by strikes, compulsory arbitration will be demanded. If this type of impasse resolution gains enough public acceptance, arbitrators' awards may be recognized as judgments of circuit courts are at the present time. 11/

11/ Robert G. Howlett, "Arbitration in the Public Sector," *Proceedings of the Southwestern Legal Foundation's 15th Annual Institute of Labor Law*, 231, 269, Matthew Bender & Co., Inc., 1969.

Now a word about strikes as the ultimate weapon to resolve impasses. If a strike succeeds, the impasse is resolved; if it fails the impasse is resolved. It is contended that there cannot be strikes in the public sector because it is an attack against sovereignty, or a strike against the people. Presidents Coolidge and Roosevelt both enunciated this principle in past years, but the concept is changing. As government engages in activities which formerly were solely the private domain, the force of this argument is diminished. I predict that the concept of sovereignty will be replaced by a more practical test. Strikes will be prohibited based on a test of public health, safety, and welfare--and perhaps a comparison of public convenience v. inconvenience. To give an example or two. Will the public health, safety and welfare be irreparably damaged if employees of a public museum, public library, public recreation department, local zoo, public golf course or a State liquor control commission strike? Does it make sense that transit employees in the City of New York are prohibited from striking; whereas, transit employees in the City of Washington may strike legally? The effect on the public is the same.

When teachers first struck in Michigan, we were deeply concerned and rushed factfinders to the scene. We feared that the loss of a day or two of education by the children at the beginning of the school year would cause a breakdown of the educational process--or of the children. We forgot that children in this country do not go to school during July and August. Yet they have (or some of them) somehow become educated. Policemen in several of our cities have been afflicted with the "blue flu." Our firemen have "red rash." But crime has not become more rampant and the City of Kalamazoo, where the firemen were out for a week, did not burn down. I do not condone these illegal strikes by public employees, but the concept of strike prohibition based solely on the fact that they are public employees is not an intelligent approach.

The States of this country and the Provinces of Canada should serve as laboratories in this new and challenging field. I view with concern the expressions from Washington that the Federal Government should enter public employer-employees relations at the State and local level as suggested by Congressmen, members of the sub-Cabinet, and even President Nixon when he was on the campaign trail. The whole field is so new, and we know so little about it, that we need the experience that the States and Provinces can bring to bear on this subject. If the Federal Government takes over, there will be one rule, and we will never know whether it is the best system. Indeed, differences among the several States is sufficient reason for the Federal Government not to replace the States in this enterprise.

Robert D. Helsby, Chairman
New York Public Employment Relations Board

I am delighted to meet with you and share some of the experiences we have had in one of the most important experiments that has been described today, New York State's Taylor Law. The deeper we get involved in labor relations the more we rely on the three elements of data: (1) The development of raw data; (2) the evaluation of these data which, is the most important; and (3) the presentation or packaging of the data. I sometimes refer to them as neutral data, if there is such a thing. We all have our prejudices, our biases, and neutrality probably is a matter of degree.

I heard a story about 2 men, one from the United States and the other from Russia, who were in a 2-man race in which the United States runner came out first and the Soviet runner came out second. In the United States the report was given, without mentioning the number in the race, indicating the United States runner came in first and the Soviet runner came in last. The Soviet reported the race, again without mentioning the number in the race, that the Soviet runner came in second and the United States runner came in next to last. Both are accurate, and it shows the way facts can be distorted. One of the great problems is the presentation of data so the parties feel that the reporter has been truly objective and neutral.

Before discussing the controversial Taylor Law, I would like to comment on Bob Howlett's presentation. The negotiations process is here to stay. The negotiations process has come because public employees demand to be involved in determining the conditions of employment, the conditions which so directly affect them.

I would like to summarize what has happened in the other States, not to overlap what Bob Howlett said, but to put in a different context what I think the various categories of responses have been in the different States.

Some States pretend that nothing has happened. Everything is the same, and therefore they resist all efforts for employees to collectively negotiate or to bargain. They drag their feet and resist every possible intrusion on what they call management prerogatives or the sovereignty of the public employer. If we look at what happened in Charleston, and what happened in Memphis, where Dr. King was assassinated, evidences are that some States are trying to avoid involvement as long as possible.

Some States adopt the "squeaky wheel" concept. Therefore, various collective bargaining agreements have been passed which affect certain groups of employees, such as school teachers, nurses, or local governmental officials or whatever.

Some States have limited the scope of negotiations. The Federal Government in its Executive Order 10988 has severly limited the scope of its negotiations, in that it will not negotiate on money items. Collective negotiation should be pretty simple if the money items are left out at the bargaining table. Other States have limited negotiations to particular items in which the employer agrees there should be negotiations.

A fourth response is the type of limited negotiation, to which Mr. Howlett referred. Some laws have been passed which require discussion, some consultation, some consulting in good faith; others require negotiating, others bargaining; some require some of these, some of them permit them. All of these are limited negotiations of various kinds.

A last category is the kind of law which New York State has, and it covers all public employees in one fell swoop. It includes all employees working for State and local governments, including school districts, universities, and public authorities.

The law provides the broadest rights of any law in the Nation. I would not say it is the best law. It permits employees to organize; it permits them to be represented by an organization of their own choosing; it not only permits it but requires negotiations by the employer if the employees wish to negotiate.

It has the toughest prohibition on strikes, and this is where the controversy really comes in. Before we began the chairman said that he hoped somebody would light up a bombshell and put on the table an item of real controversy. I can do that. I have been giving a lot of thought to what has been happening in Memphis, Charleston, and in Bethany, West Virginia, where the Governor fired 2,500 State officers. Then the Governor came to Bethany the next day and the Highway Department picketed him. And we heard, as we have heard many times, the traditional labor position, that there can be no real collective bargaining without the "right to strike."

I challenge that concept and further submit that labor may be doing itself a great disservice by taking that position, cutting off its nose literally to spite its face. First of all, let me distinguish between the right to strike and the possibility of a strike. The possibility of a strike always hangs over a negotiating table. If the blood between the parties becomes bad enough, if people are willing to be fined, go to jail, lose their jobs or whatever, there will be strikes. Anyone who thinks that compulsory arbitration is the panacea ought to look at the New Zealand and Australian experience. No, the possibility of a strike always exists; the right to strike is something different. In New York State there has been real collective bargaining in the past year and a half without the right to strike. Some strikes have occurred, too.

This concept of collective bargaining is frightening many States because to them bargaining is synonymous with strikes. Permitting organization and unionization spells strikes to them, and they will resist as long as they can.

I asked one of the leaders of one of the organizations in New York State how many contracts New York State had the year before the advent of the Taylor Law. He said: Two. I said: How many do you have now? He said: 19. I said: The Taylor Law has not been too bad for you, has it? In a little over a year we have had 2,000 contracts negotiated. We have roughly 900,000 to 1,000,000 employees in New York State who are now organized and are represented by some organization of their choosing. All of this occurred with only one representation strike.

Last year school teachers in New York State averaged about a 10 percent pay increase, plus fringes. The increases are a little under 6 percent this year, the year of the "Taxpayers' Revolt."

There can be collective bargaining in New York State without the right to strike. Of course, the controversy surrounding our law revolves around the prohibition on strikes and the penalty on both employee organizations and employees if they do violate the law.

Many of our conferences on public collective negotiations are preoccupied with this so-called right to strike. We ought to get on with the business in more constructive and positive terms, and see if we can work out some reasonable alternatives, whereby, hopefully, we can find a better way to solve our problems and settle our disputes.

I agree thoroughly with Secretary of Labor Wirtz when he said that all strikes are a waste. The public tolerance for strikes is decreasing, and it is high time we grew up, matured as a Nation, and developed some better systems for settling our disputes, rather than to take the time-honored right to strike and transplant it into the public sector. If this is not sufficient to stimulate public dispute this afternoon, I do not know what is.

The Taylor Law on the one hand, has the broadest rights of any statute and prohibits strikes, on the other hand. The Taylor Law establishes impasse procedures which hopefully will provide a fair shake, parity, and equity for public employees. For this reason, the State makes mediation and factfinding available to public employers and employees at State expense. Last year we spent approximately $300,000 in factfinding and mediation and this year it will run considerably higher.

I would like to provide a quick picture of what these impasse procedures are all about and what our experience has been with them.

First of all, the Taylor Law provides 2 routes. The first is a "local procedure" route, where parties can agree on any kind of procedure they want. The one requirement is that procedures be in writing. There is no requirement for mediation, for factfinding, or for any other process. This matter is completely up to the parties to negotiate and to agree upon. If they follow this route, they pay their own bills. The second route, if the parties do not wish local procedures, is to come to the State Public Employee Relations Board (PERB) for assistance. Ordinarily disputes are assigned first to mediation and if that fails, to factfinding. If factfinding is not successful, then the chief executive officer must make recommendations to the legislative body; and now under amendments in the statute, injected in the lastest session of the legislature, if either the employer or the employee organizations does not accept the factfinding report, before the legislative body can take final action, it must hold a show cause hearing; not a hearing that starts from scratch, but one that starts from the factfinder's report, which has to be made public. It brings the public to the negotiating table, so to speak, and tries to bring public pressures to bear so that the public employees do get fairness and equity.

Many have thought that since all of these phases were made possible at State Expense, everybody would go the full distance, because they had nothing to lose. They were surprised in the first year: approximately 80 percent of 2,000 contracts involving 1,000,000 employees were negotiated without outside help. The parties came to their own agreements by various devices and techniques.

We had 370 impasses come to our Board, and one of our greatest surprises was that about half of those were settled by the first step mediation.

Secondly, we had more than 125 factfinding Boards. One-fourth of these were settled on the way through factfinding by mediation. In other words, the factfinder suggested the solution and the parties settled their dispute.

This year we are having a greater reliance on factfinders. About 500 impasses have come to the Board so far. Our State has 817 school districts, and we are in the middle of negotiating all of these contracts. The number of factfinding Boards will probably double the 125 we had last year. One of the most important discussions our Board will have with the legislature will be whether there should be some payment by the parties so they have a stake in negotiations. Our staff is split on this. If you are going to prohibit strikes, then the State is obligated to pay in full for mediation, factfinding, and arbitration, which our law now makes possible. On the other hand, others of our staff contend if the State pays the full shot, the parties are encouraged to go the full distance. Some have suggested having the State pay half or a third of the cost. These matters are under discussion this year.

After just a year and a half of experience, there is promise in some of these reasonable alternatives. I hope that we will experiment with some of these alternatives, rather than just accept the strike as the only way out.

If someone asks me: "Five years from now or 10 years from now, will public employees be allowed to strike?" My answer is that I do not know. Maybe they will.

I am just as deeply concerned about strikes of fuel oil dealers in the height of a flu epidemic or a strike of Con Edison. They are fully as alarming as many public employees' strikes.

I hope we get some experience which will help us and the private sector solve many of these problems without the simple resort to combat.

Harry F. Stark
Assistant Dean
University Extension Division
Rutgers University

The New Jersey Public and School Employees Grievance Procedure Study Commission, the Bernstein Commission in New Jersey, made an extremely successful report, not because I was associated with it, but because the legislature ignored it completely and passed a law of its own devising.

The law might make me so bold as to challenge Mr. Helsby. The New Jersey law is the broadest; it is so broad that you could drive a truck through it.

It is distinguished from the Taylor law in another significant feature: not knowing how to cope with strikes, New Jersey legislators did not mention strikes, work stoppages, penalties, or prohibition. And it works much the same on both sides of the Hudson. You can get a complicated law and you can have a simple law, and the same thing happens. In the last analysis the crunch comes from the court through an injunction. Then if you ignore the judge, you are really in trouble.

Our chairman struck a good point of departure when he talked about ideology. Through all the expert comments, this note of ideology involved sovereignty and the strike, which was quite related. It was good to hear the term "sovereignty" from one who really has a sovereign, so his reservation is well taken. Not being an attorney, I feel free to make extra legal observations. If the sovereign is truly sovereign, why cannot the sovereign do what he wishes? If the sovereign wishes to bargain, why not? Having resolved that conclusion for myself, I refuse to pay any attention to the sovereignty question, which is a red herring and irrelevant.

The question of strikes is something quite different. The fundamental point which the chairman made in his introductory remarks is that public and private employment are coming to resemble each other as time goes on, and we ought to look into this.

We are going to do a lot of study and analysis to answer very critical questions. If the two sectors resemble one another, then why should not the device that pertains to one be equally pertinent to the other? Why should the procedures in the public and private sectors be different? I say this not to challenge Mr. Helsby's contention that you cannot have collective bargaining without the right to strike; but perhaps the strike can do the same thing in the public sector as in the private sector. It can clear the air and bring the parties to the bargaining table by leading them to the conclusion that they are going to have to suffer the consequences of their refusal or inability to settle. Maybe the consequences of the failure to use the bargaining instrument properly can apply in both sectors.

The New Jersey statute, directs the new Public Employment Relations Commission, in conjunction with the Rutgers Institute of Management and Labor Relations, to provide education and training for public employers. So far, the legislature has inconveniently neglected to appropriate funds. We will have to assume that management can learn the hard way.

This brings me to a serious point about the rationalization of the public management structure. New Jersey has nearly 1,400 special districts, plus turnpikes and other independent authorities. They cannot all work independently if they have to deal with common local operations. The organization of employee groups, particularly through the use of whipsaw techniques, is going to force confederation bargaining among the employers. This will bring about not only the rationalizing of the public management structure, to which Mr. Mr. Adams alluded, but also will change the way local government does business. Perhaps this in turn will induce changes in the law.

Mr. Helsby talked about packaging data. The kind of information you need depends on the kinds of questions you answer and the clientele you serve. We need lots of data. Some exists and some we are going to have to generate. We need data to answer 2 primary kinds of questions.

One is to evaluate the legislation. There is an internal evaluation for purposes of administration. Are these agencies functioning well? Do they work better in State A or in State B. This concerns the efficiency of decision making. We need effective procedures, whether they be with or without sanctions, NLRB style disposition of representation issues, or mediation.

We also need information on the way in which public employee organizations are evolving, and about the economic effects of contracts and bargaining. Someone talked about the pay raises of 10 percent and fringes made in New York. Professor Charles Rehmus, at the University of Michigan, made studies over a 3-year period and found 9 to 11 percent increases. What we do not know is what would have happened in the absence of bargaining. We do not know about the evolution of the public employment structure and the relative costs in the public and private sectors. A good deal of careful study is required to determine this.

My greatest interest is the political effect on the governmental decision-making procedure. We are now finding the analogy of labor relations mechanisms used in community relations conflicts. A super-imposition of political action techniques makes these 2 things difficult to separate. This aspect needs a great deal of attention. When dealing with low paid employees in city centers, whether it be Charleston, Memphis, or Newark, you bring in a whole host of community problems. Only some are amenable to conventional labor-management solutions. The public is probably ill inclined and ill prepared to accept this approach very patiently.

The real question is whether bargaining which works in the private sector will be given time to adapt in the public sector. If it is successful, prices of public service are going to rise, because public employees' wages are rising.

In any event, we should realize in advance that it will be almost impossible to extricate direct political action from bargaining in a real community dispute. When public employees, whether they be sanitation workers or policemen, are underpaid, there will be contention.

This will require a great deal of forbearance by taxpayers and caution by the parties not to mis-use the bargaining privilege. Otherwise the people will not support either the public employer or the public employer organization while they learn to negotiate.

MR. WAISGLASS: In Canada before we could get into constructive collective bargaining we had to identify the employer--the Treasury Board relations, clarify his responsibilities as employer, and indicate the sovereign responsibilities of Parliament. Also, it was necessary to clarify the concept: What do you mean by "sovereignty?" The concept of sovereignty originates with the need for projecting the security of the State. Fifty or 100 years ago, the security of the State raised different kinds of questions from what is involved now. When you are concerned about the security of the State, you get the Public Service Staff Relations Act for bargaining. If the process leads to strikes, then perhaps it is more serious.

MR. PEARCE: (New York) I would ask Mr. Stark whether he is sufficiently familiar with the work being done by Professor Rehmus of Michigan to give more information. Apparently, some work there is focusing on the question of evaluating the impacts of this type of development.

MR. STARK: I am not. He reached a conclusion that about 11 percent was the average settlement over time. Certain fringe and related benefits were excluded. A great deal of economic impact study is needed.

MR. HOWLETT: At the present time there is a cooperative venture between Michigan State University and the Department of Labor on our factfinding in education last August, September, and October. An attempt is being made to find out from the parties, the school board administrators the teachers' organizations and the mediators and the factfinders, what the issues were and how effective they were in the settlement process, what they thought was good and bad and so on. This will be a real contribution to the knowledge in this area.

MR. CRAVEN: (Middlebury College, Vermont) I would like to ask Mr. Helsby and Mr. Howlett to comment on the Charleston strike. I last understood the Governor could not bargain with the strikers on money wages because he is limited by the legislature. It is the public's money. In view of this budget constraint at different levels of government and possibly a legal limit on government, how do you actually bargain or mediate with public employees?

MR. HELSBY: Every government has the same kind of responsibility and problem. A week ago I sat on a platform with Jerry Worth, Ted Kheel, and George Taylor. George Taylor commented in essence, "Look, when all is said and done, the legislative body must make the final decision because that is the way our government operates, and if we destroy that decision-making process by the legislative body, we have destroyed representative government."

What is attempted with the Taylor Law and all other laws is to bring all kinds of pressures for parity, equity, and justice under legislative control, so that public employees will achieve parity. This is where the great conflicts come. Many public employees and many unions say you cannot have equity unless there is the right to strike as the end result. Any collective bargaining intrudes on the rights of the employer, namely, the legislative body to establish the amounts of money to be spent.

MR. HOWLETT: One thing everyone should understand is that the Charleston situation was a representation strike. It was also true in Memphis and of the police in Youngstown, Ohio. It is true of many of the public employee strikes we have read about in the newspapers. Employees were simply trying to get what would seem to be a basic right of having their public employer talk to them; and the public employers in some cities appeared as if they would have denied the constitutional right of the petitioner, which, of course, is the right of everyone, including public employees.

Michigan has had no representation strikes. Bob Helsby advised me that New York State has had only one, and this one related to the procedure in determining the bargaining agent.

Just this year a 3-man Federal court in North Carolina held that public employees have a constitutional right to belong to unions and that the North Carolina statute which prohibited them from belonging to unions was unconstitutional. However, the court did hold that the statutory prohibition of contracting employees is valid; North Carolina prohited public employees from bargaining. The Eighth Circuit and the Seventh Circuit, I believe it is, also have held recently that public employees have a constitutional right to belong to unions.

MR. BIENSTOCK: (New York) Under the Taylor Law in New York State we have created the factfinder as an entirely new profession. What troubles me is this: There have been some other intrusions of the public influence into the labor market. For example, during the war intrusions were essentially a set of special relationships for public employees. I will not quarrel as to whether or not they were necessary, but they were intrusions. Those situations resulted in the development of a substantial body of facts. I see no similar development here. An occasional probe appears here and there, but I see no similar development at the present time in government activities.

Do you anticipate that perhaps in the years ahead there will be come development of resources to make this factfinding functional, more of a fact gathering activity than it is now?

MR. HELSBY: A short answer to your question is yes.

MR. STARK: I would like to comment on that. We must distinguish between factfinding as a step in the impasse resolution process, in which the factfinder listens to evidence and recommends a settlement which the parties may accept, and the kind of factfinding which statisticians do to evaluate the process in a much larger sense. You cannot be the bank examiner, and also keep the books. We may find that mediators or factfinders are not helping very much. They may be impeding the process.

A story was related by Eric Schmerz that factfinders in the impasse resolution process frequently are not simply finding facts; they are supposed to obfuscate the facts, so the parties can settle. What they find may be unpalatable as plain facts.

One last observation about the question Mr. Adams raised: Whoever signs the paycheck is the employer. Whoever has the authority to decide is the employer. Reaching a settlement in negotiating and then getting the settlement ratified by some higher level of authority exists in both private and public sectors. We need some very careful innovation in government, so that when an executive negotiates a settlement within his discretionary power and then carries that settlement to some other place or ratification, he can get his settlement. This situation is typical.

The political art must be evolved to accommodate this process, especially when the Governor or the town Mayor may be of a different party from the legislature. This political skill is new and is one area where the public and private sectors may differ.

MR. WAISGLASS: This problem is very important and complicated. From my experience, I do not think it is easy to decide in the public sector who is really boss. That problem also reflects a public attitude. If you want to get something done in this field, you have to do away with buck passing. When collective bargaining helps resolve who is boss, it improves the efficiency in public service.

In factfinding, what facts are relevant to the dispute? What weight is to be given to those facts? Who is to decide what is relevant and what weight is to be given to the facts? When the parties settle these thing you get a more efficient resolution of the dispute. If before the dispute the parties decide for themselves what facts are relevant and what weight is to be given to the facts, dispute prevention is more effective and you are less likely to get impasse disputations. That is true of the public and private sectors.

MR. CONNOLLY: (California Department of Industrial Relations) Mr. Adams, you mentioned that you had one compulsory arbitration. I understand the organization can select arbitration as the impasse procedure. Is this low number due to failure to select arbitration or to the relatively few impasse situations?

MR. ADAMS: The bargaining has been very tough between the parties. There have been situations when we have come close to arbitration for a whole series of these occupational groups. It is not over yet, either. Although in these first 18 months we have managed to find agreement with the unions--and this is part of the tradition really of collective bargaining in the consultation process in the Canadian Public Service--it may not always be so. The union people are very sophisticated professionals. You get together, you get dialogue, you argue, you beat the table a little bit, and so on. By and large it is just tough bargaining. We may have settled too high; I do not know.

MR. CONNOLLY: What I really wanted to know: Were they not opting for arbitration?

MR. ADAMS: They opted for arbitration before the negotiations opened.

MR. CONNOLLY: To what extent?

MR. ADAMS: In about 6 bargaining situations the unions have opted for the strike route, and that covers approximately 35,000 of the total of 200 odd thousand who would be eligible. At the termination of each contract and the opening negotiations for the new contract, they can take the new option.

STATISTICAL AND RESEARCH NEEDS FOR COLLECTIVE BARGAINING

Chairman: Peter Henle, Chief Economist
Bureau of Labor Statistics
U.S. Department of Labor

I think we have quite an interesting program arranged for this morning. We are talking about statistical and research needs for collective bargaining. Not long ago the idea of holding a discussion group on this particular subject might really have been laughable. I am thinking particularly maybe 20, 25, 30 years ago when decisions about collective bargaining matters were certainly not really subject to questions of fact or interpretation of fact. Then, the simple answer was more muscle. Let's get a little perspective on how far we have come, how far collective bargaining has come since the days of the 1930's when things were so different.

I was particularly reminded of this in reading the obituary on John L. Lewis; and although I get kidded a lot on how I am just a slave to the New York Times, you do have to admit that when it comes to obituaries nobody can beat the Times. They are quoting from a book written by Sy Sultzberger and an account of an episode from the collective bargaining talks between Lewis and the miners in the 1930's.

Lewis began to walk up and down, back and forth, with a peculiarly light-footed stride and stuck a cigar in his mouth, folded his nubby hands behind him.

"Gentlemen," he said, speaking in a slow tricky way, "Gentlemen, I speak to you from my people. I speak to you from the miners' family in the broad Ohio Valley and in the black Virginia Hills. Here the shanties lean over as if intoxicated by the smoke fumes of the mine dumps; with the bannisters broken here and there, presenting the aspect of a snaggly-toothed child. Some of the windows are wide open to the flies which can feast nearby on garbage and answer the family dinner call on double-quick time. But there is no dinner call. Little children are gathered around the bare table with nothing to eat. Their mothers are saying, 'We want bread.' They are not asking for more than a little. They are not asking for a $100,000 yacht, Mr. So-and-So," suddenly pointing his threatening cigar, "or for a Rolls Royce car like yours, Mr. So-and-So."

The operators, according to Mr. Sulzberger's book, squirmed, and one of them muttered, "Tell him to stop. Tell him we'll settle."

Well, that was collective bargaining in the 1930's under John L's tutelage. But we are dealing with the 1960's or perhaps the 1970's, and what we have done is to gather for you four individuals with different points of view. We are going to have two practitioners, one from the labor side and one from the management side. Then we are going to hear from a gentleman who is very much involved in the collective bargaining business from the public side, and, finally, our own Tom Gavett from the Bureau of Labor Statistics, will try to respond to some of the points on the research and statistical needs for collective bargaining purposes.

Rudolph Oswald, Economist
Research Department
AFL-CIO

Five major criteria have been used over the years for collective bargaining purposes. They have been comparison, productivity, cost of living, standard of living and the ability to pay, as well as general economic conditions. While no one of these is necessarily decisive or controlling, statistics do offer some information regarding what is happening.

Which one or which combination is most significant will vary from time to time, union to union, industry to industry, and according to other factors as well. They simply do not blend in any fixed way; there is no handy formula for combining them to come up with the "right" answer on the size of an appropriate wage increase.

Generally the data do not point to a specific answer, but they usually can help to narrow the area of difference, to reduce the area of controversy, and to indicate the general range of a reasonable settlement.

Comparison is generally the most common standard used. Useful wage data generally falls into one or both of two broad categories: (1) results of recent bargaining settlements across the Nation, in the industry, trade or area and (2) current levels or wage rates for similar work, in the same industry or trade, or in the area.

The current wage developments provides fairly current data on major collective bargaining settlements. This compilation provides information as to the name of the company or association and union involved. The location, number of workers affected, the amount of wage increase, changes in benefits, and other major terms of the settlement. The quarterly press releases of BLS provide a broad picture of negotiated changes in wage settlements.

Average earnings data, both hourly and weekly, provide some information on the current changes in different industries as well as for factory production workers in each State and in the larger cities. The earnings reported are gross earnings including both overtime and shift premiums. This means they are somewhat higher than straight-time earnings and they may increase or decrease with changes in the number of hours worked even though there is no change in wage rates.

The average earnings figures are also affected by the distribution of workers. Thus, an industry with a great deal of skilled, relatively high-wage workers, will have higher average earnings than an industry with mostly unskilled relatively low-wage workers, even though its wage rates for the same job may be the same.

The industry wage surveys of BLS provide the best data on wages paid specific jobs in an industry. Since industry is a key factor in negotiations and since negotiations are related to specific occupations within that industry these industry wage surveys provide the most information as to the wages and benefits within an industry. The BLS comparisons provide information on time and incentive rates, rates by size of establishment, unions vs. nonunion establishments, and by region or major city.

In addition, in each of four other industries, BLS conducts annual surveys of union wage scales in 52 large cities. These are the building trades, printing, local transit and local trucking.

In the case of the building trades, reports are also provided quarterly on wage scale changes in each of 100 cities. These present union scales for seven major crafts: bricklayers, carpenters, electricians, painters, plasterers, plumbers and building laborers. The annual report presents data for additional crafts, almost two dozen in all. Community Wage surveys also are undertaken by the BLS. These provide wage data for each of 80 major cities. The data are not presented separately for individual industries but rather cover a combination of industries.

The occupations surveyed are those found in most industries (but unfortunately are not the key occupations in any specific industry). The type of occupations usually surveyed are: office (stenographers, typists, etc.), maintenance (maintenance mechanics, electricians, tool and die makers, etc.), and custodial and labor (janitors, material handling laborers, packers, etc.).

Changes in the cost of living is another type of economic information considered in negotiations. It is particularly important in periods such as the present when prices are rising rapidly.

One thing that the current CPI does not measure is the increase in taxes, neither the Federal surtax, state income taxes, nor increasing social security taxes.

In addition, there is the data on productivity, and standards of living developed by BLS that are of value in negotiations. A number of other agencies also develop information that may play a role at the bargaining table. The Census Bureau provides data on sales, value added, number of employees, value of shipments, etc. The S.E.C. - F.T.C. publishes data on industry profits, and return on investment.

Some states also publish specific data that is useful for bargaining purposes. For example, New York State reports collective bargaining settlements--and Oklahoma provides detailed occupational wage data for a large number of localities.

My task this morning is not only to laud those government agencies that collect data that is useful for collective bargaining but also to be a critic. Hopefully, my critical comments will also be constructive.

Now as to the problems and misuse of the statistics. What do we know about wages and salaries? First we are fed a myth that wages are related to area, but salaries--at least for professionals--are related to a national market--at least those are the only data published in this country--for professionals, the so called PAT survey--which provides data on a nationwide basis for professional jobs, and provides the basis for paying Federal "white-collar" salaries. But Federal "blue-collar" salaries are to be paid on an area basis.

But what does the area data tell us? Basically nothing. The area wage surveys of BLS show that the range of wages for a janitor may be from $1.40 an hour to $2.80 an hour or more in any one city, that some janitors are paid more than some maintenance electricians in the same city. However, an analysis indicates that the wages paid depend upon the industries in the area.

What do average hourly earnings tell us? Very little. Why is Charleston, W. Va. the city with the highest average hourly earnings in the South? Is it because W. Va. has continually had high unemployment? Is it because the educational level in the State is relatively low? Or is it because of the predominance of the chemical industry in Charleston?

Yet, BLS invests its funds in doing 90 area wage surveys a year--but only 5 to 10 industry wage surveys a year--in spite of the fact that industry tells us more about wages than area. Birmingham is high wage--not because it is in the South--but because of steel. The States are not in a position to meet this need for data. This is primarily a Federal responsibility.

Another major problem area is the lack of information on annual earnings of workers. Former Secretary of Labor Wirtz was concerned about the number of hours worked per year by construction workers. Today, we don't know how many work less than 900 hours a year or more than 2000 hours a year. We don't know how many earn less than $5,000 a year nor how many earn over $10,000. We don't know the earnings of an auto worker. Has he typically been putting in a 50 hour week for a full year or has he has been on a 40 hour week for two thirds of a year? Can't annual earnings be gathered from a number of sources--from Social Security--from employer hours's records--from union pension funds in construction, etc.? Aren't annual earnings just as important as aspect of policy as hourly earnings?

Today, we are so proud of our computer analysis of complex phenomena. Yet in 1969 what can be told of the nearly 2,000 contracts, each covering more than 1,000 workers, which BLS has in its files? Very little. Why? Because computer analysis of these contracts has very little priority in BLS activities.

Then we have the problem on only partial measurements. The CPI should tell us how much more a worker needs in order to purchase what he bought the year before--but the CPI doesn't measure the change in social security taxes from 4.0 percent to 4.4 percent--nor the rise in taxable earnings from $6,600 to $7,800. The CPI doesn't measure the surtax, nor the rise in State and local income taxes. The review by the Community Council of Greater New York of the increased cost in a modest standard of living from October 1967 to October 1968, showed that taxes (amounting to only about 12 percent), rose dollar wise as fast as the cost of living for the other 88 percent of the budget.

The Federal Government doesn't give high priority to determining a modest but adequate "standard of living" budget. In 1959, it revised its 1951 budgets based on 1950 standards of living. In 1967, it released data based on 1960-61 standards of living.

Delays seem part and parcel of "governtees." In 1962, the BLS described an ambitious program of in depth contract analysis, the so-called 1425 series--yet today 7 years later--less than 10 specific documents have seen the light of day. And yet the last time BLS analyzed contracts in depth was in the late 1940's.

The SEC continues to talk about financial reporting by plant--or by division. Yet the years go by and neither the stockholders - nor the workers are any the wiser as to which branch is prosperous and which is not.

But maybe all the statistics are meaningless. We have statistics as to real growth or productivity, but the so-called "guideline's policy" seemed to equate wage increases in current dollars to productivity increases in constant dollars. I don't know who was trying to fool whom with the mumble-jumble.

Or maybe we should look at the classic misuse of statistics that is currently being propounded by the Budget Bureau and the Civil Service

Commission. In 1967, Congress enacted Federal salary legislation that was to provide Federal employees with wage comparability in 1969 comparable to that paid in private industry. Yet, when the BLS survey shows that the private equivalent to a GS-5 is receiving $7,618 a year - the Budget Bureau - CSC draws a pay-line that will pay these workers, nearly one-third of all Federal salaried workers, only $6,800 a year. In spite of the statistics, they are being short changed $800 a year - or 11 percent.

It's time that we look to see how we can make data available that can benefit the large number of working poor in our society.

Carl F. Brown
Labor Relations Staff
Ford Motor Company

When I was asked to participate in this program, I had more than the usual misgivings. First of all, I play a dual role--that of a supplier as well as a consumer of data. I should hate to think that any of my comments today might be used against me in my role as a supplier. Second, I was concerned because a large international firm, such as Ford, often generates a vast amount of data internally for collective bargaining purposes and may have substantially different data requirements than might be the case for a smaller organization or one operating in a single geographic area.

To obtain a more generalized point of view, I conducted a survey among industrial relations personnel in smaller firms, ranging from construction to manufacturing, in the Detroit area. While I do not consider this a scientifically designed survey in the sense that statisticians design surveys, I was rather pleased at the unanimity of opinion.

I recognize that government statistical agencies have customers who are not negotiators; I plan, however, to ignore these individuals today.

My remarks are directed in two areas; the first being timing; the second might be described as method or content.

To establish the parameters for data requirements in the area of collective bargaining is extremely difficult. Unlike manpower planning and some of the other more specialized or long-term uses of "labor statistics," the collective bargaining process for other than national firms generally focuses on a specific number of workers in a given labor market and a specific economic situation. The negotiator for the small firm operating in one geographic area generally does not have much use for data on settlements 1,000 miles away. Likewise a wholesale grocer has only a passing interest in settlements in the electronics industry unless it is located next door. On the other hand, many large firms keep track of settlements in all the major industries, in part at least, as a possible early warnings device. There are a few major industries which may be described as pattern setters; many smaller firms, however, act as pattern setters even if they are not recognized as such.

For the pattern setters, data usually do not exist on those items on which they break ground. For example, when the first Supplemental Unemployment Benefit Program was developed, it had to be done by the parties using largely internal data. Once the pattern is established and it is adopted in a number of collective bargaining situations, than the statistical agencies can collect data.

Those firms faced with following a pattern usually cannot wait for a public agency to collect and analyze data, as they often must bargain shortly after their pattern has been set. In these circumstances, they must obtain information on their own. The broad outlines of patterns established in the major industries are generally known and publicized shortly after the settlement is made: the problem is to get the necessary details.

Probably no government statistical agency can hope to fill in the details as fast as some bargainers have need for information. For others, the Bureau of Labor Statistics' publication Current Wage Developments and the Dominion publication Collective Bargaining Review serve a real purpose. (The BLS publication probably needs a new title.) The major aim of these publications should be to identify significant changes; first in concepts (new programs or benefits) and second in levels (a pension level of $10 instead of $5). Reporting of routine changes can be given minimal space.

Patterns developed in closely knit labor market areas or industries are made available to unions and firms through established channels. A government agency can hardly be much more than a historical source in these circumstances.

From time to time, however, no matter how local his interest might be, almost every collective bargainer finds some use for or reason to be aware of the statistical data gathered by agencies such as the Dominion Bureau of Statistics. While the usefulness and accuracy of much of government gathered data has been debated, the usefulness of most of the labor statistics appears to be generally accepted.

To the extent that the government gathered data are useful, the comment is often: Why don't they do more of it; why don't they cover other areas; why don't they have data on other occupations, etc. On balance, however, the real problem is not more data for the sake of data. The biggest issue given our present data supply appears to be that of timing.

To know that an Area Wage Survey has been conducted in a given labor market area in November 1968 for example, would provide an answer to a maiden's prayer, were it not for the fact that it is unlikely that you could get the results of the survey until the following May. Another example of the lack of timeliness is the 1966 BLS Survey of Employer Expenditures for Labor Compensation. The findings of this survey were not released by the Bureau even in press release form until August 22, 1968. This is far too great an elapsed time; 1967 data at this time would have been appropriate. Incidentally, the final report on 1966 has yet to be published.

Within the governmental agencies, those delays that stem from the desire of the agency to place their material in pretty format accompanied by profound words of analysis are particularly inexcusable. Most users would prefer to have the data quickly even in such an unglamorous format as a news release in order to have the data and to be able to do their own analysis. The needs and interests of the users are so diversified that it is unlikely that the analysis performed by the statistical agency would be aimed to more than a small portion of the ultimate uses to which the data might be put. A cynic might well say that the profound analysis attached to many statistical reports makes a larger contribution to the printing and paper industries then it does to the efficiency of the collective bargainer.

A further source of delay that can easily be corrected might be described as data for the sake of data. This condition exists when agencies are not discriminate in the selection of data to be published. The Bureau of Labor Statistics recently published a digest of 100 large pension plans. Unfortunately this digest contained much time-consuming duplication. The pension plans of three major automotive firms, to cite only one example, are summarized in detail that differs largely in the placement of commas. A summary on one plan, available more quickly, would be infinitely more beneficial to the majority of the negotiators. Another example, using the auto industry, is the publication of Wage Chronologies for each of the auto firms. A more useful approach would be the timely publication of the collective bargaining provisions for one major collective bargaining agreement in each industry, particularly since pattern bargaining appears to work hand and glove with human nature, and therefore, a way of life.

The issue of timing cannot be over emphasized. I think that all of you recognize that timing considerations have led to the development of a large number of private surveys and reporting agencies. The major advantage offered by the private reporter or collecting agency is that it provides some indication of what's going on. Take for example the Daily Labor Report published by the Bureau of National Affairs. Not to detract from their reportorial competence, the major value of this publication is that it quickly disseminates to the world at large the fact that something has happened. It does not offer all the details and the bit-by-bit ramifications. If does, however, provide a ready reference that enables those who have an interest in a specific phase of any negotiation to contact the parties directly for those details of interest to him. I am not suggesting that government agencies get into what might be described as the "Tip Sheet" business. Rather I cite these sources as a further indication of the type of information that is needed on a timely basis.

The Bureau of Labor Statistics has recently taken gigantic strides to speed up the release of some of its regular monthly data; for example, the recently accelerated timing of the Consumer and Wholesale Price Indexes. We should hope that similar steps would be taken in other areas having relevance to collective bargaining.

I know that nonresponse or late response is a major problem that any government data collecting agency faces. It seems to me, however, that a way around this problem must be found. In some cases that the respondent possibly does not fully understand the purpose of the survey. Additionally, the timeliness of the response may not be adequately relayed to the respondent. Unfortunately, government surveys are usually unbudgeted workload for both employers and their employes so that the particular respondent may have an attitudinal problem.

In part it may be that the surveys involving a more complicated response than the reporting of the basic payroll hours and earnings or employment data are sent to the wrong individual. The more complicated the response, the more detailed the questionnaire and the more involved the subject, the more likely it is that the task should and will be assigned to someone other than the person turning out a routine monthly report. I am convinced that data collection agencies must give adequate attention to the selection of the proper recipient for their requests for data. Requests for labor statistics, new, different or complicated, should be addressed to senior management personnel--generally Industrial Relations or Personnel Officers--to achieve the proper response in both quality and timing.

Government agencies might also consider developing closer working relationships with various industry and union groups as a means for improving the rate and timeliness of the response to surveys.

The practice of statistical agencies to develop a validated sample for use in collecting data is meaningful and necessary for some types of data--average earnings, employment, hours, etc. For some other surveys the delays caused by obtaining information from a large number of different size firms has two drawbacks. First of all, to the extent that data gathering problems are encountered with smaller firms, the reports are delayed. Second, for many types of data (i.e. employer expenditures on labor compensation) data by size of firm is more meaningful and would enable more prompt publication.

Let me leave the subject of timing for the moment and turn to another issue that is particularly important to the smaller firms that d not maintain a staff of experts. The reader of any report should be able to put the report down with a feeling of confidence that he understands the content of the report. I know that it is a generally accepted fact that no one reads the footnotes. Further, I, as most of you, have found that there is no way to prevent the misuse of data. . Nevertheless I and many others who have less than a full-time responsibility for labor economics would like to be sure that we are reading and how we might properly use the data. I note that Arnold Chase has added a note to his Price Index Release advising readers on the proper method of calculating percentage change. I am not sure whether this may be described as something of a large number syndrome, but it is a step in the right direction.

More to the point is the page of definitions recently added to the BLS quarterly analysis of labor settlements. In my opinion, this type of information is a mandatory requirement in each government report as the turnover of readers is often as great as experienced in the hourly work force of some employers.

Moving on to the area of methodology or content, the collective bargainer generally needs "hard" data or an indication of activity rather than long and detailed descriptions of historical transactions of yesteryear. It is my observation, confirmed by my personal survey, that the following BLS publications are of most interest to collective bargainers. Those of you from Canada must, I hope, excuse my reference to BLS publications because my familiarity with Canadian publications is sorely limited.

- Current Wage Developments
- Union Wage Scale Studies
- Area Wage Surveys
- Quarterly Summary of Negotiated Wage and Fringe Benefit Changes
- BLS Price Indexes and Series on Net Spendable Earnings
- Standard Budgets
- Wage Chronologies
- Wage Calendar or Calendar of Negotiations

As you can judge from this list, negotiators need information or sources of information.

One last item of comment on existing programs. The most recent publication in the Major Collective Bargaining Agreements series dealt with Sub-contracting.

It is my opinion that negotiators would rather have a timely, up-to-date listing of firms having a specific provision than a volume of details after the provisions have changed. Forget the words of analysis and language which tend to change and may not be meaningful as the negotiator can quickly obtain the information he needs if he knows where to look for it.

Some of these holes, in the existing bank of data, pay and fringe data for employes in the service, construction, and agriculture industries for example, are common knowledge. These holes are more in the area of coverage than content and I know that the statistical agencies are aware of them and are trying to do something to correct the situation.

In closing, I want to direct a few words to that aspect of your operations that has more value to many employes than all the analysis that you turn out. That important practice is that you maintain the confidentiality of the data that you receive from an employer. This assurance has great value; it opens the door to a great deal of employer cooperation.

Thomas E. Joyner, Director
Public Employment Research
New York Public Employment Relations Board

After the two speeches, I have a feeling that what I might have said has already been said to a certain extent. I think, instead of reading what I have prepared, which I am somewhat unhappy with, I would like to pick up on a few comments that were made this morning.

To use as a point of departure one of Mr. Brown's last comments about confidentiality, most of you who deal with the private sector have disclosure problems and the problem of retaining confidences and so on. Basically, this obligation does not exist and never has existed in the public sector, and yet less is known about fringe benefits, wages, and employment conditions than in any other sector in the economy, in all probability, at least in the state and local government field. It is certainly true in the State of New York. It is basically true across the Nation with a few outstanding exceptions. In short, as far as wrong information is concerned, this area might be described as the Black Hole of Calcutta.

Let me begin by attempting to, recite briefly what I think we have found to be a few of the outstanding differences between private and public sector bargaining.

Of course, a prevalent difference between the public sector and the private sector is the no-strike prohibition. And as far as it affects our data and collection and distribution and servicing activities, it is not so much the strike prohibition but the companion piece that people do not emphasize, in effect, the imposition of one kind of compulsory dispute settlement process or another. In New York there is a 60-day impasse procedure, statutory impasse, in which compulsory processes, either those which the two parties have devised or those set forth by law, must be utilized.

This means that the Board's involvement in the potential number of disputes is obviously going to be higher in the public sector than in the private sector. I have no idea about the national experiences on this, but in the State of New York, I am told by Al Pearce's numbers that there are roughly 6,000 contracts running out every year and that the State Mediation Board gets involved in roughly 1,000 of these, 600 intensively. We don't know what our universe is, but it will probably turn out to be 2,000 contracts expiring annually when we get through. Of these, 800 will be school districts or what we call Boards of Cooperative Education. For the most part, these are annual contracts. Although a few contracts of longer duration are beginning to appear, even those contracts which have or allegedly run for 2 or 3 years have reopener clauses on money items in them, which means they are up every year too.

But to go to the compulsory mediation and factfinding business. Factfinding, at least as practiced by ad hoc factfinders in New York State, is basically an adversary proceeding. The factfinding process then is not a large data consumer. When a factfinder comes to us for information, this generally means either that the parties have done a lousy job in their presentations to him, or time is too short. We have instances where as many as 209 items have been presented to a factfinder, and he has 3 days to render a decision. The result, as we are now somewhat about 60 or 65 percent through our second negotiating season, is that we are still experiencing difficulties akin to what I presume must have occurred in the private sector in the late 1930's wherein the negotiators on both sides of the table are completely inexperienced; wherein there is a high turnover, and where they tend to repeat the same mistakes from year to year.

We think that in terms of making data available to the parties, we have to get it to them as far ahead of the negotiating season as we can. We can service and troubleshoot an individual factfinding service, as we have done, where the factfinder comes to us. But if he doesn't come to us, we are completely out of the picture.

But our first and long-term obligation, quite obviously, is to do essentially the same thing in different ways as has been done in the private sector: to create a data base which has currency and preferably, is not more than a year old.

How do you accomplish this? Nobody has figured this out. But we are under somewhat more pressure to accomplish this than is possibly the case in the private sector. At the same time I would like to reiterate. Mr. Brown's remark that the parties in the public sector in local government, at least, appear to have little interest in trend data, and little interest in statewide averages. They are more interested in what is going on next door, which they don't know. They are interested in what is going on in what they consider to be comparable jurisdictions school districts, police departments and in local private industry.

The recent expansion of the BLS Survey, the area survey undertaken through a contract with the State of New York, has been of great help in that four additional SMSA's have been picked up. This still leaves, however, a vast no man's land in the State of New York, where relatively little is known to public officials about what local industries pay. And the issue of job comparability between the public sector and the private sector or between public jurisdictions is even worse.

The State of New York is, of course, a different proposition. The State, for its own purposes, has contracted with the Bureau of Labor Statistics for a statewide PAT survey, which I believe in the long-term will be of considerable assistance in the State negotiating process.

Secondly, State employees or State bargaining, so far, seems to be more influenced by what goes on in New York City. So, generally, in the city, what Council 37 gets, State employees get, and then something is provided for upstate and that is how it comes out, or that is how it has come out in the first 2 years. I make this point to illustrate the limitations of data in the bargaining process. The absence of information, or its presence, makes no difference as long as this situation prevails. And I am sure my colleagues up here could point to many private sector analogies.

Another difference in the public sector is the difference in the wage structure. In the presence of structural conditions which are basically different, no one either paid attention to or else they chose cheerfully to ignore the existence of Civil Service, the existing arrangements for setting rates of pay, hours of work, pensions, etc., which have grown up under a traditional and very complicated Civil Service program. So, as a result, we are on a collision course between the two systems.

In terms of what I see going on both at State level and local government, the traditional Civil Service structure is rapidly being bargained away. I don't mean this in terms of the merit system. I mean the concept of an overall pay classification, where someone sits on high, like the Pope, and issues decrees from time to time. It is quite obvious that the State has basically already destroyed the integrity of its pay classification system by the creation of area differentials, through the creation of special rates for State employees working in New York City, through the creation of an overtime pay system, and similar items.

In local government, the smarter public employers are attempting to get themselves pay plans analogous to those of private industry.

We have then, three basic research needs in the public sector, and these are not altogether different from those in the private sector. We need an adequate data base: what people got paid as of some reference period across the board, and by jurisdiction, and by occupation; and we are a long way from this. We need to know the same thing about hours and pension plans, and so on.

We have made considerable progress on pensions, on leave policies and this kind of thing. But, on the occupational problems, because of the very complex classification problems involved, we have made relatively little progress.

Secondly, we need to devise a system which is an imperative, if not more imperative, for the public sector as for the private sector: A quick reporting system that makes information about settlements almost immediately available.

And thirdly, we need some basic research on the collective bargaining process itself, both in terms of the impasse procedures and in terms of the many questions left unanswered in the Taylor law and in the whole of the public sector.

Mr. Thomas W. Gavett
Assistant Commissioner
Office of Wages and Industrial Relations
Bureau of Labor Statistics

The last statement in the Chairman's formal instructions to the panelists has been, "Please speak frankly and do not spare any sacred cows."

I have never previously regarded myself as part of the general class of sacred cows, but after hearing some of the speakers I feel, on behalf of my compatriots, I must protest the bull. I am, of course, most eager to distribute copies of the speakers' remarks to my staff in Washington after they have been published by the Bureau of Labor Statistics--in about a year. The remarks will at that point receive the careful attention of the staff in Washington.

I do agree with many of the remarks the speakers have made, and I don't want Carl to feel at all concerned with what he said, although we do anticipate that the number of forms going to the Ford Motor Company this year will be increasing by about 50 percent.

I hope I won't be accused of terrible provincialism if I concentrate most of my remarks on the area of wages and industrial relations. A goodly number of other statistics are produced by the Bureau and other governmental agencies which are, of course, of great relevance to the collective bargaining process. The price statistics have obvious uses in collective bargaining and in escalator clauses. But I will generally leave these aside.

Let me describe to you the wage information that is produced in the Bureau. Most of you, particular those of you from State agencies, are very familiar with the employment and earnings program which provides monthly estimates of average hourly earnings for production or nonsupervisory workers in a large number of industries. That series, as we realize, is limited by the absence of occupational detail, information on fringe benefits, or the wages or salaries paid to nonproduction workers. Local area detail is however available for quite a large number of areas and States in manufacturing. Hopefully, in the future this information might be expanded to gain additional area detail for other industry sectors and also for the total private economy and localities when resources are available.

In the field of occupational wage information, I am sure many of you are familiar with our Area Wage Survey Program. Currently, this program covers about 90 standard metropolitan statistical areas. Four are conducted under contract with the New York State Department of Labor, a cooperative arrangement we would be willing to discuss with other states.

These surveys include key occupations found in a variety of industries in each area of the country, selected so that they are cross-industry jobs, rather than those unique to a particular industry. We plan to improve our coverage of key occupations during the current year, by adding jobs in the electronic data processing field--systems analysts, computer operators, and programmers--a growing, important group of occupations.

In addition to the 90 areas covered by the regular Area Wage Survey Program, we also covered last year approximately 90 other areas under the Service Contracts Act administered by the United States Department of Labor. Not all were metropolitan areas, ranging in one case from the entire State of Alaska to, in some cases, rather small areas. While the job list is more limited than in the regular Area Wage Survey Program, help to provide more information for analysts in bargaining.

Our program of industry wage surveys provides national and/or area information on key occupational wages for some 60 industries. In addition, information on union scales for various occupations is gathered in four industries, construction, local transit, trucking and printing. Though they are used extensively in collective bargaining, I would quite agree with the remarks of the previous speakers that our resources are such that we cover many too few industries and much less frequently than I should like.

Presently, most of the industries are covered once every 5 years with certain of the lower wage industries covered every 3 years. Union scale information, which is generally less expensive to collect, is collected annually.

Though perhaps less frequently used in collective bargaining processes, I should also mention the occupational wage survey of professional, administrative, technical, clerical jobs, one of the few surveys of higher level white-collar occupations.

We further hope that we may during this coming year expand our program of occupational wage information to the State and local areas, Congress willing. Certainly, the employment growth in that area, plus the rapid growth of collective bargaining and the need for reliable information requires some action here.

One of the previous speakers raised questions concerning the meaningfulness of area wage surveys. I don't think there is any simple or single answer as to what sort of information is needed. In fact, there are quite a variety of decision centers where wages are set. In some cases, certainly, it is true that the industry is an important decision center, but this is not uniformly true. We have such contrasting examples as steel, where wages are fairly uniform in all areas, and banking, where wages vary considerably among areas. In the latter case we issue locality or area-type industry surveys, because, particularly for the nonsupervisory worker, no national pattern really exists. There are enormous variances among areas, so a national average becomes an almost meaningless figure.

Whether using industry or area, one cannot stop there. Industry does not explain wage differences; industry is, after all, simply a classification scheme and not an explanation of cause. Even though one might note that differences in wage levels do exist among industries, the reasons for these differences are not explained by simply noting there is a difference in classification.

A question was also raised about why, in the case of the survey of administrative, professional and technical, occupations we do not have any area detail. It is not because we are unwilling. Under the contract we have with the New York State Department of Labor, our New York Regional Office has issued a bulletin giving information on such jobs for New York State separately. Unfortunately, the national survey is not large enough to provide estimates for each individual region. As best we can see, however, it is difficult to find any pronounced regional differences in wages for these high level jobs. It appears that people at this level are, in fact, competing in a national labor market.

Turning to information on general wage changes, our publication on Current Wage Developments has presented such information for sometime. Summary information on general wage changes in major collective bargaining situations covering 1,000 or more workers has been a more recent development. We have also been conducting, even more recently, a survey of general wage changes in smaller unionized situations and nonunion situations in the manufacturing sector only. We hope that at some time we might be able to expand this survey into the nonmanufacturing sector.

Probably from the point of view of collective bargaining participants data on occupational wages and on general wage changes are particularly useful for decision purposes. Such other alternative measures as average hourly earnings are really a statistical artifact, though useful for analytic purposes. Nobody decides to increase average hourly earnings by, say, 6 percent. Rather, there may be an agreement for a general increase of 6 percent which may or may not shown up as a 6-percent increase in average hourly earnings.

One area that requires a good deal more discussion, relates to the criterion of comparable wages. While widely used and appearing, what do we really mean by comparability of wages? I suspect that one can always prove that your wages are, compared to some other group appropriately selected, too low, or, on the basis of some other comparison, too high the lack of any clear guidelines or economic rationale that would clarify the application of the principle of comparable wages leads to a demand for an enormous quantity of information on wages. I wonder if it is all really necessary or whether there is simply a desire to dredge data to prove a point.

Turning to fringe benefits, the growth in importance of fringe benefits has given birth to a number of programs within the Bureau. Both the Area Wage Survey Program and the Industry Wage Survey Program provide information on the proportion of workers employed in establishments, providing various types of health insurance and pension plans. There is also information, in Current Wage Developments, on changes in fringe benefits in specific collective bargaining situations and summary information on the proportion of workers in major collective bargaining situations where there were various types of fringe benefits established or liberalized.

Neither the programs on occupational wage information nor the program on Current Wage Developments provide information on the cost or details of these plans. We have two programs that attempt to estimate the cost of fringe benefits. As a complement to the information on general wage changes, we also estimate the cost of wages and benefits combined--sometimes called "packages" --in collective bargaining situations covering 5,000 workers or more. We hope to be able to expand coverage on this program sometime in the future.

Secondly, we have a survey program giving information on employer expenditures for total compensation. Estimates are developed not only for expenditures on wages and salaries, but also components of compensation such as various types of paid leave, premium pay, health insurance, pensions and legally required payments such as Social Security and Unemployment Compensation.

At present, our plans are to provide estimates for office and nonoffice workers separately in the private nonfarm economy once every 2 years and to cover selected industries in alternate years.

I quite agree with remarks that were made that improvement is needed in this program to bring estimates out a good deal sooner than we usually do. There are limits as to how fast one can do this since data refer to expenditures during a calendar year. We will, however, be experimenting with alternative techniques in the near future.

To provide information on the details of health insurance and pension plans, we do publish digests of 100 health and insurance plans developed under collective bargaining and 50 other plans covering salaried employees. These digests provide information on eligibility, the amount of life, accidental dismemberment, accident and sickness, surgical, medical, and maternity benefits, plus the method of financing the plans. There are also digests of 100 pension plans under collective bargaining--plus one digest of 50 plans covering salaried workers--giving data on participation requirements, the nature of the retirement pensions, death benefits, and the method of financing the program.

Finally, I should mention our small program of study in annual earnings. At present, it is limited to the analysis of data from Social Security records. Our first report, which will be issued by the end of this summer or early this fall, will provide an analysis of these data. Future reports will also integrate data from the Railroad Retirement System. Unfortunately, these sources have limitations. We do not receive data from the Social Security Administration until 3 years after the reference data, and there is no occupational breakdown, not even between production and nonproduction workers. Much more has to be done in that area.

Turning to the matter of contract analysis, many of you are familiar with our 1425 series of bulletins, which so far includes 10 bulletins. We recognize the criticism that we are not providing enough information fast enough. We have started, with limited resources, an extensive survey of contracts, where we plan to code contracts for certain major provisions, computerize it and provide summary data or print out data to interested parties.

In the past, we have had the benefit of comments and suggestions from labor and business research advisory committees, the National Labor Relations Board, the Federal Mediation and Conciliation Service, and various bureaus in the Department of Labor in the development of studies if contract provisions. We welcome any advice that you wish to offer regarding this phase or other phases of our work. We hope, by the way, to be able to extend this work more fully into the State and local government area in the coming year. To a large extent, or work in the past has been done in the private sector, but certainly we recognize the importance of developing a good deal of information on State, local, and the Federal Governments as well, in recognition of the growth of union membership on those sectors of the economy.

We do have in preparation a study which will update a 1964 study of collective bargaining agreements in the Federal service. This study will cover provisions on grievances, arbitrations, and resolutions of contract impasses. We also have a study in process on unions and public associations at the municipal level. This covers all cities with a population of 10,000 or more, and particular attention will be paid to the employee associations, or what are sometimes called near-unions. In conjunction with the Division of Labor Statistics of the State of California, we have been working on a joint study of public employee associations in that State, which will be issued later this year.

Our union membership program provides the standard directory of union organizations and information on membership of unions. We hope to be able to utilize data collected by the Census Bureau at the request of the Office of Economic Opportunity to provide information on the characteristics of union members, that is, information on their race, age, income, education, and so on.

In conclusion, I wish to express my interest in and appreciation of ideas from State officials or from participants in the collective bargaining process for improvements in our program. Certainly, your suggestions will be seriously considered in the formulation of our programs.

MR. LEIBOWITZ: (Research Director, Social Service Employees Union Number 371). I want to say a couple of things about Dr. Joyner's remarks because I am a Civil Servant, and I think I know the public sector as well as anybody as far as working, as far as negotiations in it. I have been involved in these negotiations for about the last 6 years and I have been in a few strikes in the public sector in New York City. I am disturbed by Dr. Joyner's references to Jerry Worth, who happens to be my international president, bringing negotiations back to the 1930's and to the settlements negotiated by District Council 37 in New York City, particularly in reference to the lower-paid workers, hospital and clerical, that Dr. Joyner finds so disturbing. He indicates that when the State has to bargain for its employees, it cannot bargain in comfort anymore, because District Council 37 is setting the pace in

New York City. The impression I get is Dr. Joyner is also disturbed that the classification component of the Civil Service system, seems to be eroding in the labor unions. Maybe the old way is not good anymore, and maybe the reason to me that you have militancy on the part of public workers is because the old system has broken down. What disturbed me--and this was my impression of the constant theme of Dr. Joyner's remarks-- is that the so-called experts and professionals and the Ph. D's in Albany and all these governmental agencies think they know what is best for the workers. But the workers don't seem to think so and that is why the workers are turning to unions and looking for a change.

MR. HENLE: I am glad to know what you saw in it, because it is not necessarily, perhaps, what everybody did.

DR. JOYNER: I guess the impression I create here is not the one I create in Albany where, at least in certain quarters, those who work for the Public Relations Board, shall we say, are not in good repute. We are warring on the establishment or something like that.

What I was attempting to do, sir, was describe what I think the actual situation is without either commenting derogatorily or otherwise. I think you are inaccurately or somewhat overstating the facts. It is true that because the State has 20,000 employees in New York City it must remain competitive in New York City, and this is all I meant to say in this regard.

MR. HENLE: Further comment?

MR. LEO G. CONNOLLY: (California Department of Industrial Relations): I am Leo Connolly of San Francisco. We have a program similar to the BLS Contract Analysis Program that I know Tom Gavett is familiar with. Our problem is basically this: We have a file of about 4,000 union contracts, which is pretty comprehensive, and we are able to do a summary analysis of some of the major money items, paid leave, contributions for health insurance, pensions, items like that. And we all recognize that a big need in California is for more information on wages generally, but all we are now in a position to provide is information on building trades wage rates or union wage settlements.

One speaker suggested that what is most needed is industry data. Another speaker said area data is important. Our own experience is that people want every type of data: Industry, area, and occupational. Because of limited resources, we have to set some kind of priority. I address this question to all members of the panel, asking them to think in terms not of national agreements but of small local bargaining units, perhaps at the regional level at most.

What should we give priority to? Preparing contract digests, publishing wage settlement information that includes summaries of changes in fringe benefits, as well as general changes in wages, and on as current a basis as possible? Or should we try to publish occupational wage data for small areas with industry detail?

We can't do all of these things. Frankly, we just can't do it, and it is quite difficult to get any authoritative information as to what the real needs are at the bargaining table.

MR. OSWALD: I would like to deal with the occupational data in an industry first: Most collective bargaining is done on an industry basis. Unions are organized basically on an industry basis. Basically, I would not recommend that State agencies put a high priority on this industry-occupational data because it goes across State lines.

However, in terms of total needs for labor statistics, I put the highest priority on more information on occupational-industry wage detail. The work on current wage settlements that California and New York do--the only two States that do, I believe--is very useful, and I think that the description of the types of benefits are as useful, if not more useful, than the evaluation of a package.

In terms of contract analysis in detail, I think this goes hand in hand with the wage settlements. The addition to the 1425 Series that is done by the larger State departments of labor, such as California, in terms of contract analysis, helps in understanding for unions as well as management. It provides additional approaches to current critical questions.

MR. BROWN: I am going to agree with Rudy in part at least. I think everyone having a location or a facility in California would like to know something about the wage pattern in California, or anyone thinking of moving to California or establishing a facility there would like to know something about wages by occupation. They also would like to know something about the local settlements currently.

Unlike Rudy's emphasis, I don't think the specific provisions of collective bargaining are of as great importance as it is to be aware of the type of provisions that exist.

MR. HARRY WAISGLASS: (Department of Labor, Ottowa, Canada) I am concerned particularly with the problem of communication between the fact gatherers and the fact users. I don't want to take time here to tell you some of the things we are doing, but we are doing a great deal of things towards revitalizing our statistical programs. This takes a great deal of time also. What I find I was particularly disturbed by is that the research and statistical people do not adequately appreciate the needs of the mediation-conciliation process, nor do the mediators and conciliators know how to make the best use of research statistics. They live in two worlds. This is one of the things we are changing considerably, and we are having senior research officers, industry specialists, work as counterparts with senior mediation officers. And I think that in time we can help solve many problems to improve the effectiveness of mediation and conciliation services.

You talked a great deal about the statistics which unions and management need for bargaining and decisionmaking. In Canada, we have had several meetings with union and management people on this. Nobody talks about research, yet there have been some important research problems which can be identified here. One area is problems of classifying occupations, for instance. Decisions are being made on bargaining units which are based upon obsolete classification systems. I don't know whether you need statistics on that, but there is a great deal of research required, and not just in the public service, but on the questions related to the determination of communities of interest which call for serious attention.

RESEARCH ACTIVITIES OF THE CANADIAN TASK FORCE ON INDUSTRIAL RELATIONS

George Saunders, Director
Economic and Research Branch
Canada Department of Labour

Introduction and Background

The Task Force was first announced by the Prime Minister in September 1966 at a news conference on a bill that was being introduced in Parliament to end a 2-week nationwide railway strike. It was formally established on December 13, 1966, and remained in existence for 2 years, completing its activities and submitting its Report to the Prime Minister on December 31, 1968.

The Task Force was established against a background of industrial strife and large wage settlements. The year 1966 was the year of the strike. It saw more strikes, more workers involved, and more man-days lost than any other year in Canada's history. There were work stoppages in such industries as railways, trucking, longshoring, airlines, public utilities, hospitals, education and Montreal construction during the preparation period for EXPO 1967. All of these strikes in one way or another affected the national interest.

The year also marked the beginnings of large wage settlements which have been with us since. Government involvement in the 30-percent settlement on the St. Lawrence Seaway in mid-1966 gave large wage demands an "official" sanction in the minds of the public across the country and brought the government under heavy criticism for contributing to the spread of inflation.

Terms of Reference and Structure

The Task Force was given the job to investigate and recommend ways of meeting these and other industrial relations problems. Royal Commissions are usually given these tasks in Canada, but in 1966 the Government decided to try a new approach. The Task Force idea was borrowed from the Kennedy Administration in this country. The terms of reference of the Task Force which were contained in a letter from the Prime Minister to the Chairman, were simple and wide sweeping. The Prime Minister asked the Task Force, and I quote "to examine industrial relations in Canada and to make recommendations to the government with respect to public policy and labour legislation and on such other matters as it considers relevant to the public interest and industrial relations in Canada. In carrying out its duties the Task Force should feel free to adopt such procedures as may be appropriate." Given the state of industrial relations in Canada the decision was made to carry out the most comprehensive investigation of this area ever undertaken in that country.

Procedures

Meetings with the Parties of Interest

Early in its existence the members decided to hold hearings with major labor and management groups and with provincial and Federal Government officials.

During its 2-year life the Task Force met informally with a large number of major labor and management groups at the national level and in industries under Federal jurisdiction which in the main, included transportation and communications.

The meetings were held in private and were totally unstructured. Their purpose was to elicit the industrial relations problems as seen by the groups we met. We found this approach very successful. Away from the glare of the public, there was much openness in the discussions and frank exchanges of views and ideas. The meetings helped the Task Force obtain an insight into the problems and thinking of labor, management and government which could not have been obtained from public hearings. They were valuable in assisting the Task Force in identifying the real problems in the relations between the parties, finding acceptable solutions to these problems and perhaps most important, avoiding solutions which would not work or would not be acceptable. The meetings gave the Task Force members a rare opportunity of questioning the parties in depth without fear of embarrassing them. The members also received more than 75 briefs from various labor and management organizations and the public.

Foreign Visits

In addition to these meetings and briefs the Task Force scheduled a number of trips to the United States and Europe. The primary purpose of these trips was to see what lessons could be learned from other industrial relations systems. The Task Force spent a week in Washington and visited officials of the Department of Labor, the Council of Economic Advisers, the National Labor Relations Board, the Federal Mediation and Conciliation Service, the National Mediation Board and the AFL-CIO.

In Europe, the members visited virtually every Western European country and a number of international agencies. In these countries they spent time with government, labor, management and university personnel and included meetings with the Donovan Royal Commission on Trade Unions in the United Kingdom.

They supplemented these trips with intensive sessions and seminars with top level foreign experts who were invited to spend some time with the Task Force. For example, the Task Force spent 3 days in Toronto with Professors Dunlop of Harvard University and Benjamin Aaron of the University of California, both of whom contributed greatly in clarifying the thinking of the members on a number of problems.

Research Program

However, the major activity to the Task Force during its 2-year life was the research program. The members spent most of their time during the first 4 months in 1967 planning the program and finding the experts to undertake studies. Almost 90 studies were planned but only 73 were commissioned. All of the studies were done by professors, students or personnel in Federal Government departments. Contracts were written with Canadians and former Canadians now teaching in United States universities. The biggest problem was in locating talent. The shortage of trained researchers in Canada in labor economics and industrial relations is reflected not only in the difficulty in finding enough people for the study program but also in the widely varying quality of the reports which were received in the Task Force office. This massive research effort was necessary because there are so few studies in the area in Canada. If this Task Force had been established in the United States, it could virtually fulfill its terms of reference by simply drawing together and bringing up to date existing research without having to commission new studies.

In order to put the research program into some organized framework, the almost 90 studies were divided into five parts. The first group of studies, the so-called environmental studies, concentrated on investigations of factors outside the industrial relations system which may have an impact on the system, for example, studies of the impact of worker affluence and education, of civil disobedience, of the constitutional division of powers in the labor field, of technological change or automation, of changes in occupational distribution, and of the United States presence. These are factors which are having an effect on labor-management relations in Canada and these studies attempted to identify them and to assess their nature and magnitude.

The second major category of studies focused on the parties of interest in industrial relations, that is labor, management and the Government, and includes studies of the evolution of trade union growth and trade union and management philosophy, the locus of decisionmaking in labor and management organizations, the role of labor relations boards and the role of government intervention in dispute settlement.

The third category of studies dealt with the collective bargaining relationship and includes studies on the structure of collective bargaining, the extent of coordinated bargaining, issues in collective bargaining and the special problems of new groups, such as professionals, supervisors, and white-collar workers who have adopted collective bargaining as a means of determining their wages and conditions of work.

The fourth category of studies concentrated on the results of the collective bargaining relationship and includes studies on strikes, wage behaviour, hours of work, methods of adjusting to technological change and duration of agreements. A further group of studies in this category assessed the impact of these results and includes such studies as the relationship between collective bargaining and inflation, collective bargaining and labor mobility, the wage parity issue with the United States and the impact of government minimum wage setting.

The fifth and final category of studies was special studies which do not fit the first four categories. Almost all of the studies in this group were case studies of industrial relations experiences in various industries and countries and experiences with special industrial relations experiments in the different provincial jurisdictions in Canada, particularly province-wide labor-management committees which have been established in a number of provinces.

Brought together these studies portray an integrated picture of the Canadian industrial relations system in terms of how the system is affected by its environment, how it works and the impact it has on the Canadian economy.

In order to manage this large research effort in a reasonable time, the scope of each study was narrowly defined to produce preliminary results in the fall of 1967 and winter of 1968. This timing was important if the results of the research were to be used in the meetings with the parties of interest and in the preparation of the final report. Most studies were received on time although a few of these were not very helpful in their preliminary form. Each study was read by one or more of the members and comments prepared for use by the other members and by the authors in the preparation of their final reports.

Conclusions of the Task Force

As a result of all these activities, the members came to three major conclusions concerning the Canadian system of collective bargaining.

1. Collective bargaining is not to be blamed for our economic and social problems. There has been a tendency to give collective bargaining major credit for inflation and unemployment thereby complicating the task of governments to control these problems. Since this is a central issue in collective bargaining on trial the members isolated it from all other problems in their report and devote a lengthy analytical section to it. In that section the members conclude, and I quote from paragraphs 247 and 248, "it is extremely difficult to show a direct causal link between unions and collective bargaining on the one hand and the inflation and trade-off problems on the other. The relationship between collective bargaining and inflation is especially troublesome. If collective bargaining is the major villain in the piece, this should appear in a variety of tests. Yet there is no conclusive evidence to this effect. This does not mean that collective bargaining has no effect on inflation. Collective bargaining does affect costs and, to that extent, has an impact on prices. But this is true of numerous other factors, and there lies the difficulty. It is virtually impossible to sort out the relative influences of the many forces which affect the price level.

This means that collective bargaining does not stand redeemed or condemned on the basis of its impact on inflation and the trade-off. The case is not strong enough either way to take a fixed or dogmatic position." Thus in the members' opinion a major reason for dismissing the present collective bargaining system is removed.

If collective bargaining is to be put on trial other grounds for arriving at a clear verdict must be found. These other grounds are examined in the second and third conclusions which follow:

2. Collective bargaining is not designed to solve all of the human problems of industrial change. It cannot be expected to cope with a large scale displacement since it cannot create jobs. This is a matter for government policy. The system however has a role in determining who may be displaced.

Again, there is little we can expect of the system in solving the problems of the unorganizable. At present, about 25 percent of the labor force is organized into trade unions. This figure could perhaps be raised by about 20-25 percentage points to 45-50 percent of the labor force if a count is made of the various groups which engage in some form of collective action but are not counted officially. These would include many civil servant groups, doctors, lawyers, and engineers. The ratio can be increased further if positive and aggressive steps were taken by governments to promote collective action, for example, extending the protection of the legislation to various groups not now covered, and liberalizing certification procedures. But despite all this, there will always be a large sector of the labor force who will never be organized for one reason or another. The collective bargaining system can do little for these workers. Their problems are a matter for government, through labor standards or related legislation or for other institutions.

We should not look to collective bargaining to achieve greater equity in the distribution of income. Statistics suggest very little shift in the distribution between labor and capital. This evidence has been interpreted in different ways and I shall not review these interpretations here. However, it is clear that collective bargaining certainly has not been able to remove income disparities among workers themselves. Differences between occupations, between industries, between firms, between regions, between various classes of unionized workers and between union and nonunion workers prevail and in some instances are becoming wider. Productivity or other economic factors may explain a good deal of these differences but not all of them. As a power struggle the system is not designed to produce equity.

Nor will collective bargaining eliminate conflict or the inconvenience of conflict. Conflict is part of the process. The system, however, can reduce conflict and perhaps eliminate the much greater evils of overt or hidden conflict that result from not having the right or capability to strike. Also, collective bargaining is not the vehicle for solving the problems of job satisfaction although it may make an important contribution to their solution.

Our research, meetings, etc., have been very helpful in identifying and measuring these areas in which there has been a tendency to blame collective bargaining for our ills or to look to the system for solutions.

3. This leads to the third major conclusion growing out of the research and other activities and that is, in the areas in which collective bargaining is legitimately expected to perform we would give it, on the whole, passing marks, particularly considering the strains and stresses under which it has

been operating during recent years. For example, we would give it very high marks for its role in the collective determination of the terms and conditions of employment and in the development of an industrial democracy and the rule of law in the work place. On the other hand, the system has been criticized for not providing adequate protections for the individual nor has it been able to cope successfully with the results of union membership restiveness and militancy, inter-union rivalry, work assignment disputes, union structures, violence and management's approach to industrial relations, particularly the tendency for many employers to neglect the industrial relations function or management's failure to bargain effectively. The ratification problem, that is rejection of settlements by the rank and file after their negotiation by the parties, which has become an issue in collective bargaining in recent years is in part due to management's failure to stand by its final offer. If management is willing to give more then it is to the rank and file's interest to order its negotiating team to go back and get more.

However, these and other shortcomings which have been identified are not so serious as to call for a basic overhaul of the system. Indeed, after some study the members are convinced that other alternatives would either be worse or not workable. Two such alternatives would be unilateral decisionmaking by employers or unilateral decisionmaking by the state. Other alternatives would be to emulate foreign systems, especially those which have been held up as models of industrial relations. I am thinking in particular of Sweden or Germany. Indeed, we have been asked why we cannot copy the Swedish or German systems of industrial relations, which appear to generate little conflict and appear to contribute to economic stability. The members' answer is well stated in the Report, and I quote from paragraph 12 "With the exception of the United States, and even there in many respects, transplants from foreign systems hold little prospect of improving Canadian industrial relations. Each country has its own history, environment and institutional framework; their differences are so substantial that part of one system cannot be grafted into another with any reasonable expectation of success." The present system of Canadian collective bargaining is a reflection of the environment in which it operates. If the system is to be changed, then the environment would also have to be changed and some of our cherished values endangered in the process.

Recommendations of the Task Force

Thus, the recommendations of the Task Force concentrate on remedying the shortcomings which have been identified with a view to improving the present free collective bargaining system, extending it and preserving it. This is to be accomplished with only a minimum of government involvement, even though as will be apparent from the recommendations an increase in the role of government is advocated as the best means of solving many of the problems before us. This increase is justified in the short run in order to forestall more serious involvement in the future. I should now like to turn to these recommendations. I have no count of them, but the list is lengthy and takes up 80 pages of the final Report, with most pages containing several recommendations. I will not review all the recommendations, but I should like to touch on some of the more important ones which I think would be of interest to this audience. There are six series of recommendations on which I would like to comment.

1. A large group of employees are not currently organized because, for one reason, they do not have the protection of legislation. To meet this problem, the members recommend the extension of the protection of the law to professional employees, supervisory and lower management personnel, confidential employees in labor relations work, public enforcement officers, and independent contractors such as fishermen and owner-taxi drivers. The recommendations concerning managerial and confidential employees and public enforcement officers are subject to these personnel being placed in separate bargaining units and in separate unions in order to avoid conflicts of interest. In addition, compulsory arbitration is recommended for public enforcement officers and fire fighters. In this respect, it may be of interest to note the members reaffirmation of the right to strike for public servants.

2. The members make a series of recommendations to strengthen the positions of employers and unions. For example, they recommend making it easier for unions to acquire bargaining rights and to have easier access to plant property for purposes of organizing. They also recommend a compulsory check-off of dues on the negotiation of the first agreement on the grounds that employees should pay a reasonable fee for service. Employer accreditation i.e., a procedure analogous to union certification, is recommended in certain industries and the rights of employers vis-a-vis their employees are clarified. There is also a series of recommendations to introduce greater flexibility in the determination of appropriate bargaining units by giving the Canada Labour Relations Board the power, on its own initiative or on request, to redetermine such units through hearings and research, and also to join existing unions in one certificate and to order joint bargaining where necessary.

3. To promote greater acceptance of the collective bargaining system, the members recommend that a preamble be written into the labor relations law to replace the neutral tone of the present statute with a positive commitment to the collective bargaining system. The members gave serious consideration to introducing a good-faith requirement in the legislation. On the basis of the U.S. experience, which is characterized by a great deal of litigation on this matter, revolving largely around what subjects must be bargained, what may be bargained and what a party cannot insist be bargained, the members recommended against its inclusion in Canadian legislation. In making this recommendation, they noted that it is not necessary in Canadian collective bargaining because of the compulsory conciliation procedure. The conciliation officer plays an important role in ensuring bargaining between the parties.

4. Recognizing the union as a quasi-public body, to which added power and stature are given in their recommendations, the members are concerned that the rights of individuals be protected. As a result, there are recommendations advancing these rights, including a bill of rights for union members, guarantee of fair representation in the handling of grievances and other related matters, protection from unreasonable initiation fees, dues and assessments and protection from possible abuses of the union and closed shop. Unlike in the United States, these forms of union security are not illegal or limited, nor do the members recommend the law be changed in this respect. The members also recommend public operation of hiring halls. In making these recommendations, the members were concerned that their proposals should not short-circuit the union, nor should it bring in the government to the extent that it

has in the United States, in the form of the Landrum-Griffin Act. As a result, the members recommend that unions establish public review boards subject to the approval of the Canada Labour Relations Board to administer a number of the recommendations in this area.

5. Some of the most significant recommendations made by the Task Force come in the area of the public interest, which, as I indicated earlier, was the raison d'etre for the Task Force. A public interest disputes commission, made up of part-time neutral experts, is recommended, independent of any department of government, to establish workable special dispute settlement procedures in industries whose record of industrial relations makes them prone to emergency disputes. Such procedures would be worked out in cooperation with the parties but if necessary a set of procedures could be imposed for a period of 3 years. The commission would also be available but on request , only to recommend ways of bringing actual emergency disputes to an end. The Task Force recommends however that only Parliament have the power to order workers back to work and to impose compulsory arbitration.

The concept of an independent public interest disputes commission represents a significant departure in Canadian industrial relations in that it places government's responsibility for dispute settlement in an independent agency. Traditionally, this responsibility has been with Departments of Labour, federally and provincially. The members recommendation, however, would leave normal dispute settlement responsibilities in the hands of the Department with the modifications that (a) only the conciliation officer stage of the present two stage compulsory conciliation procedure be made compulsory. The conciliation board stage would only be brought into play at the request of both parties, and (b) a greater role by the government in promoting a continuous relationship through assisting the parties in dealing with sticky issues in the post negotiation period.

A second significant aspect of the Task Force recommendation concerning the public interest commission is the concept of tailoring dispute settlement techniques to fit the widely varied industries characteristic of a mixed enterprise economy. On this continent this is a departure from the traditional methods of settlement techniques applied uniformly across industries. A third aspect is the proposal that the parties develop these procedures jointly. The development of special techniques worked out by the parties themselves may help remove an important obstacle to quicker settlements of tough disputes. There would be an incentive for the parties to try harder.

A second recommendation to protect the public interest is the recommendation that an independent incomes and costs research board be established to study and make recommendations in the area of cost-price behaviour. This recommendation anticipates the current prices and incomes board which is now being established by the Federal Government. The recommendation represents Canada's answer to an incomes policy which virtually every Western country except Canada has developed over the last number of years. The Canadian board as seen by the Task Force would have no powers to impose desired cost or price behavior nor would it publicly announce guidelines or guideposts to guide such behavior. The Board's functions would be to identify trouble spots or have references made to it and undertake research into the causes of undesirable cost performance. On the basis of its research, it would then advise and educate on how to meet these problems.

The board's scope would not be limited to collective bargaining but would also encompass pricing practices, insurance costs, professional fees, etc. The remedies it could recommend would also be wide ranging, including appropriate fiscal policies, manpower, antimonopoly, tariff and immigration policies. A warning note is sounded by the Task Force that the proposed board or any other instrument of a similar kind cannot work in the Canadian setting in the absence of well coordinated traditional economic policies. I believe this concept of an incomes policy parallels to some extent current U.S. thinking in this area.

A third significant recommendation in the public interest area is the development of a code to regulate picketing and boycotting. Unlike the U.S., exparte injunctions can be obtained from the courts to restrict or prevent picketing. The Task Force set out to clarify the picketing problem and to write a code distinguishing between legal and illegal picketing. According to this code, picketing resulting in support of a strike would be permitted only at plants or companies where a legal strike is in progress and at other plants or companies which have become allied to the primary plant or company. Picketing at other locations would be allowed providing it does not produce illegal walkouts or strikes. Thus informational picketing would be permitted. Further the Task Force proposes that the determination of the "why," "when," and "where" of picketing be a matter for the labor relations board, thus taking it out of the courts and that the "how" of picketing, that is, matters of violence, trespassing, etc., would still be left with the courts. Although the Task Force proposal does not deal with all the details of picketing and boycotting, it is the first attempt in Canada (and perhaps the U.S., too) to codify a very sticky and long-standing labor relations problem.

6. Finally, a key series of recommendations involves the Canada Labour Relations Board and is aimed at taking labor relations out of the courts. The members recommend that the Board be made a public member board, with a public enforcement officer attached to it to prosecute violations of the law. This concept parallels the United States NLRB and indeed the members were influenced by the structure and operations of the Board in making their recommendations in this area. Currently labor relations boards in Canada are tripartite, with representatives from labor and management and a neutral chairman. The members' recommendation would represent a basic departure from this tradition. The major reason for it lies in the new quasi-judicial powers the members want to give to the Board in the areas of unfair labor practices, regulation of internal union affairs, unlawful strikes and lockouts, and picketing and boycotting. These areas are presently in the domain of the courts, and the members believe it essential for good industrial relations that they be transferred to the Labour Relations Board where they can be administered by an expert tribunal.

CONCLUSIONS

Such are the recommendations of the Task Force. There are a number of others which would be of varying interest to this audience, such as those dealing with labor standards, legal status of unions, strike and ratification ballots and technological change. But I think I have said enough to give you the flavor of the recommendations.

An interesting question concerns the significance of the recommendations since they would apply to only about 600,000 employees, which is the approximate limit of the Federal jurisdiction. Indeed there is some question whether many of the recommendations could be implemented because of the division of powers between the Federal and provincial governments. Nevertheless, the members view their Report as a blueprint for Canadian industrial relations and have every expectation that it will have an influence on provincial governments. There is evidence that such may be the case.

Harold S. Roberts, Director
Industrial Relations Center
University of Hawaii

Comments on George Saunders' Paper

George Saunders is a very modest research director. Having looked at the listing of the schedule of research projects planned and the more than 70 commissioned projects, I am surprised that the members of the Task Force had time to do more than study these reports let alone follow the schedule of hearings, interviews, meetings in Europe, the United States as well as consultations with the various committees established to aid the Task Force.

Although the Task Force took 2 years to do the job, the individual members had a few other chores to perform during that time. The load on the Senior Staff must have been quite heavy. Working with the more than 70 project directors who were responsible for various research studies must in itself have been quite an experience--particularly since most of them were faculty members--who I understand occasionally are forgetful--and target dates or deadlines are not the most important things in academic life.

The major categories of research studies prepared for the Task Force are noted below:

I. Environmental Studies
    A. The General Socio-Economic-Political Environment
    B. The Legal System
    C. The American Presence
    D. Other Environmental Factors

II. Studies of Unions, Management and Government
    A. The Labour Movement
    B. Management
    C. Government

III. Studies of the Collective Bargaining System
IV. Studies of the Results of Collective Bargaining

V. Special Studies
(includes 18 different industry case studies and
provincial and foreign case studies)

I should add that I am talking about the scope and breadth of the research effort, and not the substance of the research. I hope to read many of the reports when they are made available. Knowing some of the scholars working on the Canadian scene, I would expect the product to be good.

I know of no similar effort in the United States to bring into focus materials which would permit an overview of the entire United States industrial relations system or systems. George Saunders' suggestion that if a similar task force had been established in the United States, "it could virtually fulfill its terms of reference by simply drawing together and bringing up to date existing research without having to commission new studies" is highly complimentary to United States industrial relations research, but would not square with the facts. There is a great deal of industrial relations research in the United States, but it would be a major task to integrate these into a format such as was planned for the Canadian Task Force.

I might not be amiss to add that it is high time that we in the United States took a hard look at the laws on our books--our industrial relations practices, court interpretations and the like--and see whether it would not be helpful to appoint a blue-ribbon commission to come up with recommendations to simplify and codify the United States industrial relations policy.

Our closest counterpart to the Canadian Task Force which permits in depth study of a problem for a number of years is the legislative investigation. Among these were the hearings of the TNEC (Temporary National Economic Committee). The Joint Economic Committee, when Senator Paul Douglas was active, began to bring together studies designed to help Congress in the formulation of economic policy--these have included special studies by scholars as well as hearings on specific issues. The special Department of Labor directed Mitchell study on railroad work-rule practices was a thorough study, but in a highly specialized area.

So much then by way of comment on the research activities for the Canadian Task Force.

The question of how much attention the Task Force paid to the research is something else. I understand that there is a conference scheduled for this week with the research project directors, to hear complaints by the authors and find out why many individual suggestions were not incorporated into the fabric of the report.

I would like first to note that the Task Force has at least three major accomplishments to its credit: probably the most important one (although this may be modified after we see what happens to the recommendations) is that it has developed an exciting general textbook in industrial relations in Canada. This is not a criticism of Harry Wood's excellent volume on industrial relations. The Task Force report, however, presents enough conclusions and problems to keep student groups in Canadian universities interested and involved in Canada's needs and objectives for the next 10 years.

Second, I think that this report will have a major impact on the development of industrial relations research in Canada. By chance or by fortune, I am not sure which, all of the members of this commission were former directors of industrial relations centers at universities in Canada. I suspect that the product reflects the training and background of this very able group--Woods, Carrothers, Crispo and Dion.

The third major accomplishment of the book is its basis for national and possible provincial legislation. Here I am a little worried because I know what has happened to excellent studies in other countries and in the United States. I am thinking particularly of the Donovan Commission in Great Britain which finished its report last year. They took 3 years to do the job, they published some 10 reports as compared to the 73 which were contracted for in Canada, and they are running into trouble with the British trade unions, who are not very happy with the recommendations. Neither are the employers happy about the report.

I would like to comment briefly on a few specific recommendations in the Task Force Report. Canada is facing the same problems that all of us face in proposing broad recommendations. The report states, on the one hand, they want a minimum of involvement (public involvement) because they want to encourage free collective bargaining, as we all do. On the other hand, they suggest additional intrusions into areas in collective bargaining which are presently free from or partially regulated by government.

For example, on consolidation of bargaining units, the Task Force suggests that the Board (Canada Labour Relations Board) has the authority to determine that a unit which has bargained on another base be consolidated, because collective bargaining on a larger scale, industry-wide or region-wide may be better. (Report,pp.141-142, par.447-453 and p.164,par.549-552.)

The Task Force is careful to point out that it agrees with the wide discretion which the Board now has in determining bargaining units. The Task Force also notes that it does "...not find the need for special legislation providing for regional units or otherwise giving statutory instructions to the Board in the exercise of its discretion." (See Report, section on Bargaining Units, par. 450.) However, in the section on the structure of collective bargaining, the Task Force notes that particularly in the provincial jurisdiction, present legislation "tends to balkanize collective bargaining, often to the advantage of a particular party of interest: a craft union, a large employer,..." (Report, p. 164, par. 550.) The Task Force then suggests that: "In restructuring bargaining units we recommend that the Canada Labour Relations Board have power to join existing units in one certificate, to order joint bargaining where more than two unions or two employers are involved,...." (Report, p. 164, par.551.)

We are not in disagreement with the objectives sought by the Task Force in part designed to avoid the kind of disputes involved in the AFL-CIO drive in the United States for "coordinated bargaining," but are merely noting that this will result in a further intrusion into the area of "free collective bargaining."

The Task Force also urges the establishment of another agency to handle the potential emergency disputes--the Public Interest Disputes Commission. This would consist of a three-man board of public individuals appointed for part-time work for staggered terms of 9 years. The Task Force suggests the need for this commission to study the industries which are "strike prone" and which affect the public health or safety. The Task Force does suggest the use of innovative, voluntary procedures as a first and major line of defense, but notes that ultimately where "normal or special procedures break down or are exhausted without effecting a settlement,...the Commission would be at liberty to consider the merits of seizure, trusteeship, partial operation, statutory strike and compulsory arbitration..."

Considering the acceptance of compulsory arbitration in the Canadian system of bargaining for public employees, it is difficult to see how it will be possible to prevent the march to compulsory arbitration in the private sector in Canada. The Task Force is careful to note that these actions should be on an ad hoc basis and not a built-in system which might be used by the parties as part of their bargaining strategy.

I am fearful that some of the suggestions which have been coming from Canada--such as the right to strike and the use of compulsory arbitration in the public sector--which might be right for and effective in Canada would not be viable for the United States. I would suggest that we take a hard look at the differences in the political systems of Canada and the United States. We do not have a parliamentary government with a prime minister, which makes possible a change of government by a "vote of no-confidence." In addition, the Canadian economic system and its industrial relations structure are not comparable to those in the United States. The Task Force recognizes this, and by implication would not go as far in handling potential emergency disputes as Canadian legislation has gone in the public sector. (See Report, pp. 169-174, par. 575-595, and p. 32, par. 98-99.)

Another illustration of the Task Force intrusion in the area of "free collective bargaining" is its recommendation for union security and the checkoff. Here, also, I am in agreement with the logic and merit of the Task Force recommendation--namely that a union which gains exclusive bargaining authority and is required to represent all of the employees in the appropriate bargaining unit should receive financial support from all in the unit, not just those who become members. The Task Force recommends the agency shop form of union security and the irrevocable checkoff of "regular and reasonable dues" to the certified union "as of right" upon the negotiation of its initial collective bargaining agreement. (Report, p. 149, par. 481-483.)

Having set the Rand formula (compulsory checkoff) for union security as a matter of right, what happens to the free collective bargaining for union security provisions? One might justify it along lines of the "minimum wage" theory, namely that it is the base from which bargaining starts. However, one might rightly argue that a predetermination by law of an automatic agency shop and compulsory irrevocable checkoff does tend to confine the scope of bargaining on these issues, perhaps more confining for the employer than the union.

The Task Force also has a thoughtful review of the question of picketing and boycotts, a subject occasionally covered in collective bargaining contracts--for example, the right of employees to refuse to cross a picket line, or the handling of "hot cargo." The Task Force has specific recommendations on the four areas of picketing: the "why," the "when," the "where" and the "how." Only in the "how" of picketing does the Task Force suggest the retention of jurisdiction by the courts. The other three are examined in relation to the economic impact on the parties and the effective use of the pressure of the strike. Adjudication of a "code" (respecting the "why," "where" and "when" of picketing) would be administered by a reconstituted Canada Labour Board. The Task Force sets out how it views the various strategies involved in picketing and the effect on consumers and employees, and concludes, for example, that if their recommendations are accepted and incorporated into the law, "hot cargo" agreements will no longer be necessary. This is a desirable objective, but it also removes some of the action which now constitutes the area of "free collective bargaining."

I do not want to belabor the point--but what I am fearful of is that the Task Force may be suggesting too much, rather than too little, government involvement. Of course, any review of existing legislation and practice needs to provide a proper "balance" of intervention and freedom of choice--and perhaps the balance being suggested by the Task Force is better than presently exists. In addition, what is a proper balance at one period in the development of industrial relations may not be proper during another period.

These brief critical comments on some of the recommendations of the Task Force Report are not designed to detract from the magnitude of the task which they undertook, nor the scope of their recommendations.

A review of the detailed list of recommendations attests to the thoroughness and thoughtfulness of their study. It would be unusual indeed to have agreed with the whole gamut of recommendations, or to assume that there would be no internal inconsistencies.

A review and evaluation might be in order within 5 or 6 years to see to what extent the recommendations have been implemented and where experience suggests modification or change in emphasis or direction. The Task Force has made a signal contribution to fundamentals in the industrial relations field. It is up to the Canadian political agencies, Federal and Provincial, to formulate many of the Task Force recommendations into a workable system to encourage the collective bargaining systems; simplify the structure of relationships; build in a sense of responsibility on the part of the parties to the collective bargaining process, and to permit the government to be of help in the rare-and-unusual situations where government has to step in.

In the longrun, a balanced and rational system worked out by the participants in the bargaining process is likely to be the most viable in meeting the changing needs of our times.

I would also like to make one or two peripheral observations which stem from George Saunders' review of the Task Force recommendations.

George states that the Task Force gave the collective bargaining system of Canada "passing grades" that the system had been working well with a few minor exceptions. Yet, nowhere does George or the Task Force (on a cursory review of the Report) indicate the *criteria* used to measure the effectiveness of the Canadian industrial relations system.

I have found many who are critical of the United States system of collective bargaining, but the criterion they have used was the (highly unpopular or serious) *strike*. If "passing grades" are to be given, I would suggest that at least the following criteria be used in evaluating the effectiveness of the industrial relations system of a country:

1. The joint participation and the opportunity by labor, management and individual workers to take a meaningful part in the development of industrial democracy.

2. The existence of effective machinery for resolving minor conflicts such as the grievance machinery in existence under most of our collective bargaining agreements.

3. Efficient production or some other form of cooperation of workers in the production process, rather than antagonism and slowdowns.

4. The existence of a high standard of living of the society, measured largely by real wages.

5. The extent and the opportunity of the society to provide and promote greater educational opportunities to its young people.

6. The procedures designed to retain and develop democratic institutions for future generations.

7. Man-days of idleness compared with man-days of production.

I believe it is also in order, in view of the fact that the Task Force Report devotes a substantial part of its discussion to price and income policy as it relates to collective bargaining, the area of wage parity (Report, pp. 187-198, par. 646-698) and other factors affecting the public interest, that I briefly note my own conclusions about the necessity of administrators and legislators to give more thought to the nature of the concept of "the public interest."

The following is a summary of the first chapter of a larger study prepared in 1962-63 on collective bargaining as it relates to the public interest.

In examining any goals which involve the public interest, the following ought to be kept in mind:

1. These goals cannot be fixed; they will change with the times and the particular needs of our society and although some may be fairly constant, such as the maintenance of a higher standard of living, the weights and importance of these goals will also be shifting from time to time. It may obviously be

possible to assert the public interest by choosing any one of these goals. However, it will be necessary to examine which of them, at a particular time, are of more vital concern to the over-all needs of the community.

2. It should be accepted that no individual or group asserts or speaks for the public interest. The President of the United States must point up what he considers to be the broad needs of our society and urge that certain action be taken in the national or public interest. Union leaders must also speak for a smaller or larger public. This is equally true of employers' associations as well as individual spokesmen for so-called self-interests. It is important in a pluralistic society that interests be asserted and that sufficient opportunity be permitted so that the broad spectrum of interest of various publics in the community be given the opportunity to formulate their needs and to compete for their public acceptance. From these it may be possible to develop a concensus as a base for working action by the society to move it forward toward common goals.

3. The statement of goals may frequently be at odds with one another. For example, the right to strike may conflict with efforts on the part of government to curtail strikes in certain essential industries; the need to increase our rate of economic growth may impinge on the rights of an individual to protect his job security. The fact that goals are not always supplementary but may be conflicting applies not only to the field of labor-management relations but also is frequently apparent in many decisions of the courts in the protection of rights under the Constitution, for example, the protection of the property rights of individuals under the 14th Amendment, and the right of equal protection of the laws such as the right to vote or to use public facilities.

4. The search for the public interest is, and is likely to remain, a continuing one in a society in which change is the only constant.... Former Secretary of Labor W. Willard Wirtz in his speech at Ohio State University, the Twenty-Second Shepherd Memorial Lecture in April 1963, said:

> "Now of labor and the public interest, and informally if you will, I have spent some twenty years in pursuit of the public interest, in the pursuit of it in the sense of trying to be clear about what it is that I am supposed to be representing. I must say to you that these twenty years have made the expression of this concept increasingly difficult from year-to-year. I think I was clearer twenty years ago or could have more easily generalized about the public interest than I can now. It's an elusive concept, and these twenty years have, as I said, made any attempt to capture it in terms of generalizations increasingly and ever more difficult. I have come to the point where I resent the use of the phrase, the public interest... I have come to distrust it as a phrase, not a goal, not as a purpose, not as an ideal, but as a phrase....I think the concept of the public interest defies responsible generalization. I think it can be approached only in terms of specific problems...."

5. In applying the public interest one must of necessity apply it to a particular set of circumstances and to a particular problem. The over-all

assessment at any particular time, however, must be in terms of basic goals and a set of priorities to meet not only the immediate interests but, as one sees them, the long-range interests of the community. It is after the examination, analysis, and evaluation of the specific elements or ingredients of a problem that one applies and asserts the public interest.

The 10 national goals or policies which are suggested below, as a start, I believe have a bearing in the area of collective bargaining:

1. To safeguard and to protect the national health and safety including our national defense;
2. To maintain maximum freedom in labor-management relations (self-government) and a minimum of government intervention;
3. To develop and encourage industrial democracy within our plants and institutions including the protection of individual rights;
4. To develop a continuing higher standard of living;
5. To eliminate or curtail strikes, especially in essential and sensitive industries, at the same time protecting (a) the right to organize, (b) the right to strike, and (c) the necessity for maintaining a free enterprise system;
6. To maintain a full and sustained prosperity without inflation--the maintenance of wage-price stability;
7. To establish a continuing, increased rate of economic growth and productivity including the utilization of all our manpower resources;
8. To protect equal employment opportunities including the elimination of racial, religious, and other forms of discrimination;
9. To establish a basic balance in international payments, to permit us to expand our foreign trade, and reduce our exports of gold in order to maintain our internal and external commitments;
10. To achieve optimum employment.

This approach neither defines the public interest nor establishes a basic theory for the guidance of administrators and policy-makers. It has, however, the virtue of recognizing the extreme difficulty of setting out eternal verities. The preliminary proposal here seeks to support a number of guides or goals which although themselves fairly broad are somewhat more specific than concepts of justice, equality, growth, and yet are not so detailed and minute that they obscure the broad economic and social goals in general policy formulation. This kind of "mix" and sense of "balance" is necessary in the formulation of a particular decision.

A better understanding of the ingredients of a public interest philosophy may be helpful to labor, management and the public as they assess their immediate and long-range needs and find creative solutions to permit our society to move forward.

Finally, I would like to take a minute to note the special contribution Dr. Saunders made to the Task Force Report and its research output. I think it was well stated in the introduction to the Task Force Report. It reads:

"We find it difficult to put into words the obligation we have to Dr. Saunders for his services throughout the life of this operation.

> As senior member of the permanent staff and as Director of Research, Dr. Saunders bore critical and indispensable professional, scholarly and administrative responsibilities which, in their execution, make his contribution to the discharge of our terms of reference a unique art of public service. That he did so with constancy, humour, and grace heightens our obligation to him."

Thank you.

MR. LEO G. CONNOLLY: I wonder how the conclusion was reached that the possibility of extending collective bargaining to more than the one-fourth of all workers now organized was very slight. From our limited perspective in California, I have a feeling that we seem to be on the verge of the break-through in certain areas--agriculture is one such area, government employment is another. I presume in Canada you already have established systems for most public employees and for agricultural systems. Is this true, and you do not therefore see any break-through there?

MR. SAUNDERS: Not among public workers. Agricultural workers.

MR. CONNOLLY: What is your theoretical basis for believing that there are serious obstacles to organizing workers? Is it your theory that in trade and service industries the bargaining units are too small, and therefore they can't be organized, or that the clerical workers aren't interested in organization? What was your theoretical basis for your conclusion that we won't see any extension of collective bargaining in terms of the proportion of the work force organized?

MR. SAUNDERS: I think it is very difficult to answer that. I do not think you can get much over 50 percent or 60 percent of the workers involved in collective bargaining, at least in our environment. Too many workers for some reason or other cannot be brought into the system. You have large management groupings; employees in smaller establishments; and a large sector of the agricultural industry. It's just that I don't see how, even in some of the more advanced countries in this respect. I know Sweden is up to about 80 percent, but most of the European countries are still around 60, 65, 70 percent.

MR. ROBERTS: How are you going to get these people organized? This is one question. Under the Federal law, you could give them statutory support. Additionally, some of the other recommendations provide specific opportunities to go into the plants to organize in a more effective way, the opportunity to meet organizers and get a union checkoff for all employees in the unit.

Our original Wagner Act still eliminates certain kinds of employers, for instance, agricultural. We also eliminate certain medical and other groups. We eliminate the Federal employee. They have no rights and no protection.

MR. WILLIAM C. SHELTON: (Bureau of Labor Statistics) Does the Commission consider or take any position on the present drive to narrow or eliminate wage differentials between Canada and the United States?

MR. SAUNDERS: Yes. We had a couple of studies on that problem and in our recommendations we suggested we would leave that problem to our new Price and Incomes Board. The feelings from the study and the opinions of the members in reviewing this situation are that overall we are not ready for parity. The productivity between the two countries is too wide, although we can see parity in certain industries.

The question is what effect will the drive for parity in these industries have nationally on this productivity difference, and what will be the impact on overall costs? That is all that was done on that problem.

ADMINISTRATIVE STATISTICS

Chairman: Walter G. Keim, Executive Director
North American Conference on
Labor Statistics
U.S. Department of Labor

This is the session on administrative statistics, and will involve primarily the statisticians of the States and provinces who are involved in safety, inspection, labor standards, women and children, industrial relations, minimum and prevailing wages, and, perhaps, other subjects that you will want to bring up for consideration.

The practice in the conference is to have only one principal speaker, and this will be Mr. Charles Pearce, of New York, who has done so much original work in writing and preparing materials on administrative statistics.

The plan, as I said, is to have just one talk, and then in a roundtable procedure persons selected as experts for each of the subjects, Safety, Inspection, Labor Standards, etc., will make brief opening statements and then will be the experts and leaders and consultants of the audience discussion on the particular subject.

We do encourage your participation in this program. At least primarily on your asking, making observations, and asking questions of the panel of experts who are at the table. Don't hesitate to bring out any observations or to describe your own State on these subjects, and especially try to indicate uses that are being made of the various types of statistics in each area.

Without further ado, I believe I will call on Charles Pearce, Director of the Division of Research and Statistics of the New York Department of Labor.

Mr. Charles Pearce, Director
Division of Research and Statistics
New York Department of Labor

I would like to address just one brief comment to the participants in the New York Department of Labor. I am amazed at how many there are. I hadn't realized I had so many people in Administrative Statistics. Please don't feel that you have to attend this session. If you would rather go over to the other session on Manpower, even if you would like to go out on the golf course, don't feel any restrictions. Of course, I will hold you responsible for material. I have distributed notes that will be the basis of a few comments that I have.

COST-EFFECTIVENESS ANALYSIS
OF INDUSTRIAL SAFETY PROGRAMS

This discussion is concerned with one of the two main uses of administrative statistics, namely, that of program evaluation--or, as it will be called here, cost-effectiveness analysis. The other use, which is to supply a basis for the management and budgeting operations within the framework of on-going programs, is referred to only in passing.

The present discussion is further limited to the field of industrial safety. Some of the illustrations however, have counterparts in industrial hygiene programs, and some of the conceptual framework is applicable to other activities of State labor departments.

Safety Program Activities

A. Development, Promulgation, and Adjudication of Standards of Safe Equipment and Safe Procedure (both Governmental and Nongovernmental)

1. Investigations of accident experience and work hazards to ascertain needs for and evaluate experience under standards.
2. Preparation of standards (safety law and code rule provisions; informal standards).
3. Promulgation
4. Handling appeals
5. Review of plans and devices
6. Licensing (e.g., crane operators; radiation installations)

B. Enforcement of Safety Standards

1. Familiarizing employers with safety standards
2. Inspection
3. Issuing orders
4. Holding hearings
5. Prosecuting

C. Safety Education and Training

1. Explaining to employers the nature and benefits of safety standards and training
2. Instructing employers in training techniques
3. Carrying out employee education and training programs

D. Government and Industry Safety Activity Patterns

As a matter of policy, a State might (1) leave to employers the entire responsibility for industrial safety activities (as has been the situation essentially in agriculture in most states); (2) assume the entire responsibility itself; or (3), as policy has generally developed, divide or share the responsibility.
The present mix of government-employer safety program activities is suggested by the following columns (emphasis so far as government is concerned being on the activities of State Labor Departments):

Type of activity	Government	Private industry
(1) Development and promulgation of safety standards	Safety law and code rule provisions (generally speaking, these cover the most serious hazards).	Employer association, professional association, insurance carrier, and large corporation activity in developing and publicizing standards (lasers, an example)
(2) Enforcement	Inspection and compliance activities. Inspection programs may involve: (a) Visiting all establishments with equal frequency.	Some inspection and policing activity by employer associations and unions; but mostly individual corporate activity.
(3) Education and training	In New York, limited for most part to consultant program, which includes safety education; encouraging employers to undertake training; and instructing them in training procedures and materials.	Most safety education and training is done by industry; through safety conferences and publicity mediums; and in-plant training. Safety contests may play a role in this connection.

Program Effectiveness

A. Monetary Measures of Effectiveness

Benefits implicit in the objective of accident prevention include:

1. Costs to employers saved
    - a. Workmen's compensation costs (indemnity, medical, rehabilitation, insurance administration)
    - b. Medical and other costs of 1-7 day injuries and no-lost-time injuries
    - c. Indirect costs: down-time; damage to equipment; training and retraining, recruitment, and other costs associated with labor turnover
2. Costs to workers saved
    - a. Uncompensated wage loss (compensable and noncompensable injuries) (Note: In terms of the entire labor force the wage loss will be less than that of the injured workers alone, since in some degree injured workers will be replaced by others previously unemployed.)
    - b. Human costs (pain; tragedy; loss of skill; etc.) (In the minds of some, human costs overshadow the monetary costs of industrial accidents. To them cost-benefit analysis is beside the point.)
3. Costs to society saved
    - a. Among others, in some cases, outlays for public assistance, disability payments, rehabilitation activities, etc.
    - b. Loss of investment in education and training, especially in fatal and permanent disability cases.

B. Unit Measures of Effectiveness

Unit measures would deal simply with the number of accidents prevented, without reference to their costs. They could give equal or different weight to serious and nonserious accidents.

Program Costs

A. As previously indicated, costs may be measured broadly in monetary terms or more narrowly in terms of labor input.

Unit labor costs, such as number of manhours, are appropriate in measuring efficiency (input per unit of output--e.g., number of manhours per inspection). They are less useful than monetary measures in developing cost-effectiveness. Cost in this context should include staff costs (e.g., general administration, research, etc.) as well as labor devoted directly to the activity; and cost of materials, equipment, space, travel, etc.

B. Safety activity costs in the New York State Labor Department include activities of the enforcement agencies and safety-related activities of the Board of Standards and Appeals, and of the research, legal, planning, and administrative units.
Private industry costs include the safety activities of employer and professional associations, insurance carriers, individual employers, and unions.

Cost-Effectiveness: Monetary, or Cost-Benefit, Analysis

"Cost-benefit" analysis is a term commonly used when the cost-effectiveness relationship is measured in monetary terms.

A. Matched Control-Group Analysis

Theoretically the most definitive means of cost-benefit analysis is to compare experience of samples of establishments (matched in terms of size, industry, degree of hazard, type of worker, etc.)--one including and one excluding the kind or kinds of program Activity being evaluated in cost benefit terms.

1. Many government and industry safety activity patterns might be evaluated. Perhaps most relevant to Labor Department programs would be studies involving:
   - Various frequencies of inspection (including no inspection)
   - Regular inspection vs. consultant-type activity
   - Various degrees of participation in the safety training activities of private employers
   - Rigorous enforcement, including more emphasis on hearings and prosecutions, vs. occasional or no hearings and prosecutions
   - Special methods to motivate employers to engage in safety (such as s showing how much accidents cost; safety contests; etc.) vs. no such activity
   - General education and publicity activities, vs. no such activity, or vs. specific in-plant training activity.

2. In each such analysis the difference, if any, between the cost-benefit relationship of accidents occurring in the subject group and that in the control group would be a measure of the value of the particular program activity being studied. Costs would include those of all governmental (and nongovernmental) activities involved.
   To have any promise of being really definitive, matched-sample-control group analysis of this sort would have to extend over several, perhaps many, years; and would require a substantial investment in expert supervisory and investigatory personnel. Difficulties in enlisting and maintaining employer cooperation could be expected.
   Such analysis would largely ignore human value and social cost aspects.

B. Analysis Based on Statistical Studies of Past Accident and Cost Trends

Analysis of past experience based on available statistics and studies offers a limited alternative to the matched-control-group approach to cost-benefit analysis.
This approach would measure benefits derived from expenditures beyond the level in a base year--how additional benefits compared with additional costs of safety activities.

1. For the entire mix of government-industry safety activities in given industries (manufacturing is the only industry group for which accident statistics are available in New York State over a protracted period--since 1952):
   - .Calculations of accidents prevented would start with a record of the number of disabling work injuries over the period compared.
   - .These numbers would be translated into costs by applying workmen's compensation experience. To these would be added estimates of medical costs of noncompensable injuries; indirect costs of employers; and wage losses to injured workers.
   - .These costs would be compared with what costs would have been had the base-year frequency rate maintained during the period. Costs saved, or benefits, would be represented by the difference (plus or minus).
   - .Benefits thus derived would be compared with the additional costs of safety activities--over and beyond the base-year level.
   - .Government program activity costs would include all expenditures of the Labor Department pertaining to safety.
   - .Private industry expenditures would be estimated, if possible. However, only fragments of information are available.

2. An illustration based on activities of a Labor Department alone is set forth in table 1. It gives a favorable cost-benefit relationship under the assumptions made.

3. Limitations. The method illustrated presents at least two basic difficulties:

   First, in estimating the benefits of State Labor Department activities, the procedure credits to the benefit account only that part that can be attributed to safety law and code rule violations. The only related information available is the proportion of all injuries that is found to be associated with code rule violations.

   Use of this ratio, however, assumes that, of all injuries prevented, the Labor Department should receive credit for that proportion that can be related to law and code rule violations--even though the Department did not prevent violations in these cases. On the other hand, this use of the ratio does not give credit to any violations which Department activities have prevented.

   Second, the basic assumption is made that every change in accident experience is the result of the kind and degree of safety effort exerted by government and private industry, even though some changes may result from product and technological development, shifts in industry and occupation mix, and changes in the composition of the workforce. That is, it is assumed that it is the responsibility and within the power of safety management to control any and all adverse effects of such external factors on the safety of workers, and, on the other hand, that all improvements that do take place are the result of the efforts of government and management. This is, of course, a debatable concept.

Rejection of the concept raises the problem of finding a control group, one exposed to the same external circumstances but not having the kind of safety activity being evaluated.

4. Control group comparisons. In the case of special programs, it may be possible to compare accident trends under the Program with trends in related kinds of establishments outside the program (which then serve roughly as a control group). Only the differences in the trends is attributed to the Program. 12/It is possible, for example, to compare the trend of work-injury frequency rates in foundries under New York's Consultant Program with that of all foundries in the United States. The Consultant Program experience with manufacturing establishments in New York State, other than those under the program can be compared with all others in New York State.

C. Interstate Comparisons

A related procedure would compare accident experience in a State with a State government safety program with one in which there was no program or a minimal program. A recent example of such an analysis is found in a Ph.D. thesis by Paul E. Sands (Michigan State University, 1964), in which he compared work injury frequency rates and workmen's compensation costs of construction firms in Ohio and Michigan for the years 1961-1962. He started with the hypothesis that rates and costs in Ohio, which had special safety legislation covering construction, should be lower than those in Michigan, which had no legislation (some was subsequently adopted). He concluded that his hypothesis was not supported by the data he obtained from the firms in his sample: Work injury frequency rates were about the same in the two States, averaging around 40; workmen's compensation premium costs were higher in Ohio than Michigan.

This study suffers from the fact that only 25 firms (large ones) in each State were included in the analysis. One can't tell just how well matched they are; nor is there sufficient information on the kind of safety activities that employers in Ohio and Michigan are engaged in, to know just what is being compared. (Sands found that Michigan contractors had better safety conditions on the whole because, he concluded, of the help they got from underwriters and employer associations.)

12/ This program stresses safety education and training. Hazardous conditions subject to law and code rule provisions as well as those not subject, are brought to the attention of the employer, though with less emphasis on rigid enforcement techniques.

Work-injury rate data published by State Labor Departments probably are not sufficiently definitive for this type of comparative analysis. Apart from questions concerning the quality of the data, the chances are that the match is not very good: Industry groups are too broad; differences in size mix exist within industry groups; the quality of the work force varies; and the nature and intensity of managements' safety activities are not sufficiently alike.

Cost-Effectiveness Analysis: Unit or Monetary Analysis

Cost-effectiveness analysis in unit terms would stop short of monetary evaluation of the effectiveness of industrial accident prevention. By relating costs, whether measured in labor input or monetary terms, to the number of accidents prevented, it would avoid some of the problems involved in estimating workmen's compensation and other direct and indirect costs of accidents.

The number of accidents prevented by safety activity would be estimated in the ways indicated by the various approaches outlined under section V, above, yielding as an end result an amount of expenditure per accident prevented, such as, say $100 per accident. Or if cost were measured in labor-input terms, the end result might look like, say, 10 manhours per accident.

Obviously the measure does not indicate the value of any program taken by itself (e.g., amount of benefits compared with amount of costs). Its main use lies in comparisons of alternative programs.

Another weakness of this approach lies in the fact that it would give equal weight to nonserious and serious accidents--as much weight to an accident that results in the loss of only one day of working time as to an accident that results in death or that disables a person wholly or partially for the rest of his life.

To the extent that one wishes to recognize these differences in accidents by a weighting device that reflects extent of disability, he is thrown back on monetary evaluation of effectiveness--dollars and cents being the only common denominator by which workmen's compensation costs and uncompensated wage loss for various extents of disability can be arithmetically related. Quantitative formulations of program effectiveness in the industrial safety field will not be sufficiently satisfactory in the foreseeable future to replace judgmental ratings.

Judgmental Ratings of Effectiveness

It is evident that we have to rely primarily on judgmental evaluations for our ideas about the effectiveness of industrial safety programs. (In fact, resort to judgment cannot be avoided even when program effectiveness can be quantified in some satisfactory way, for factual information seldom if ever entirely eliminates the need for making basic assumptions in the measurement process.)

Judgmental ratings are likely to take the form simply of saying:

- .This program is effective; or
- .This program is not effective (or not very effective); or
- .This program is more effective that that one; or
- .This program is less effective than that one

Or, more specifically, one might reach the conclusion that:

- .Safety inspection on the basis of complaint only is not or would not be effective
- .The Consultant Program is more (or less) effective than the Regular Inspection Program
- .Training workers in the specific hazards of the work place is more effective than general safety educational devices such as brochures and safety conferences

Although none of these conclusions can be absolute or categorical--they deal with probabilities--they can and do form the basis for program policy decisions. This is especially so when they can be related to data on the costs of alternative programs or activities.

One of the important kinds of cost-effectiveness analysis in the industrial safety field (as in other Labor Department program areas) therefore is one designed to improve the basis for subjective judgments as to the effectiveness of programs. It is likely to involve a combination of special studies and observations of persons experienced in the field.

By its very nature it will almost surely at the same time throw light on the strengths and weaknesses of the programs studied.

Some subjects for this kind of effectiveness study are suggested below.

A. Studies of the Relation to Work Injury Rates and Employment Levels

The strong, direct association between work injury frequency rate trends and employment trends has been pretty well documented on a broad industry group basis. Behind this association are the following kinds of circumstances:

1. During rising levels of business activity, an increasing vulnerability to accidents, because of:
   a. Rising use of young and other inexperienced workers who are unfamiliar with the work environment
   b. Greater shifting of workers between establishments, bringing hazards arising from unfamiliarity with the work environment
   c. Greater job shifting within establishments, bringing unfamiliarity with work environment

    d. Greater fatigue because of the longer work day and work week

2. At the same time there is diminished motivation on the part of management to engage in safety activity, because of:

    a. Preoccupation with the problems of getting out production

    b. Rising profit margins

During periods of stable or declining business activity, on the other hand, real progress in industrial safety may take place, because developments mentioned under both or either 1 and 2, above, are reversed. The need exists for studies that will test this reasoning and contribute better understanding and documentation of the specific factors that underly the association of accident rates and employment levels. Case studies of the experience of individual businesses, systematic roundups of expert opinion, and regression and other statistical studies of relationships all might make important contributions.

B. Studies of the Effectiveness of Factory and Mercantile Inspection Activity in Obtaining Compliance with Safety Provisions

If the probability can be established that violations of safety law and industrial code provisions contribute significantly to accident occurrence, and if the probability can be established that inspection activity contributes significantly to the correction and prevention of violations, there may be a basis for adopting some measure of activity or of compliance experience as a proxy for a more direct measure of effectiveness. Over the years, various persons have sought to characterize safety program effectiveness in terms of proportion of workload inspected; or proportion of establishments inspected that were in compliance; or number of violations corrected by compliance activity; or number of workers in establishments (or departments of establishments) in which violations were corrected; and so on.

Such measures are a part of the usual battery of operations statistics and serve significant administrative management purposes; but how legitimate a proxy for program effectiveness measurement they are, gets back to the question of what studies and experience show.

A variety of analyses could be made which would throw light on the characteristics of relationships under consideration:

1. Comparisons of violation rates and frequency of inspection to ascertain what relationship exists.

2. Analysis of accident reports to determine which and what proportion are directly associated with code rule violations.

3. Study of trends in violation ratios, by provision of law or code rule, over a period of 10 to 15 years. Similarly, a study of trends in orders complied with the backlog of uncomplied orders; also of the volume and results of hearings and prosecutions.

4. Study of reasons for violations.

    a. Interviews of experienced safety inspection staff members

    b. Interviews of knowledgeable employers, union officials, and professional safety experts

    c. Study of a sample of violations, to ascertain the extent of repeaters and other characteristics of violators; similarly study of characteristics of compliers and reasons for compliance, including the rate of inspection activity. Number of workers exposed by violations to hazards and number protected by compliance.

C. Studies of the Effectiveness of Special Safety Programs, Example: New York's Factory Consultant Program:

1. Analyze a sample of establishments with poor accident records and a sample with good records to ascertain, if possible, circumstances explaining differences in experience. Include such factors as time spent by consultants, nature of consultant activities, management attitudes, employment trends, and labor turnover.

2. Discuss question of effectiveness with supervisors and other persons, including employers, involved in program.
   (Also, see reference to Consultant Program above.)

D. Studies of Hazardous Types and Stages of Construction Projects

1. Analyze the incidence, types, and causes of accidents, by type and stage of construction activity, as evidenced by accident investigation reports and workmen's compensation experience.

2. Through interviews with knowledgeable persons and studies of case records, interpret the experience and translate it into an order of inspection priorities.

   The results should help to confirm or modify present views and practice as to inspection frequency and staff needs. It may, for example, suggest that inspections should be made more frequently during the excavation, foundation, and outside structural stages of building construction than during the inside finishing.

E. Study of the Effectiveness of Specific Training and General Educational Procedures

With reference to manufacturing, construction, and other industries presenting significant safety hazards, review the relevant literature and interview knowledgeable persons as to the comparative effectiveness of general safety education procedures (such as conferences, brochures, etc.,) and specific safety training of workers in the hazards of the workplace.

This issue has particular significance to consultant-type activities in the manufacturing and construction fields.

F. Studies of the Types and Causes of Accidents and Other Data as a Means of Evaluating Code Rule Effectiveness and Extension and Revision Needs

1. In New York State, for example, principal means now used are the investigations of so-called serious accidents by the Industrial Safety Division and their analysis by the Codes Unit. Several statistical analyses based on workmen's compensation records, as well as on the serious accident reports, also have been made in connection with code rule discussions (e.g., cranes, trenching, electric utilities, plastic molding).

2. Needed at this point is an evaluation of the value and adequacy of the kinds of data now made available for code rule purposes, including the possibility of more sharply focussed analyses, greater use of workmen's compensation statistics, a more comprehensive serious accident investigation program.

3. Further consideration also should be given to the possible values and uses of tabulations of orders issued and of code rule variation petitions approved and denied.

G. Studies of Gaps in Coverage of the Safety Law, in Sense Mainly of Industries and Occupations with Accident Hazards that are Not Subject to the Labor Department's Jurisdiction

1. List and describe such gaps.

2. Analyze available data as to nature and degree of hazard in these industries and occupations.

Table 1. ILLUSTRATION OF DISABLING WORK INJURY COSTS AND BENEFITS UNDER FACTORY SAFETY INSPECTION PROGRAM

A. Benefits (Factory disabling work injury costs saved)

	Base year 1952	Annual average 1953-1967	Annual average 1953-1967 on 1952 frequency rate basis
.Number of disabling work injuries	79,000	63,360	78,950
.Total cost (millions) 1/	$ 168.0	$ 189.0	$ 235.5
.Cost per injury	$ 2,127	$ 2,983	$ 2,983

.Average annual savings in costs ($ 235.5 - $ 189.0) --- $46.5 million
.Fifteen-year savings --- $697.5 million
.Proportion of benefits attributable to State Labor Department Activity --- 2 to 20 percent, or $ 14 to $ 140 million 2/

B. Factory inspection costs

.Total cost of factory inspection, 1952 --- $680.4 thousands
.Total cost of factory inspection, annual average, 1953-1967 --- $960.7 thousands
.Additional cost of factory inspection, annual average, 1953-1967 ---$280.3 thousands
.Fifteen-year additional inspection cost --- $4,204,500
.Other 15-year costs (general administration, research, code rule activity, etc.) --- $200,000
.Total 15-year additional costs --- $4,404,500
.Additional costs as percent of benefits --- 31.5 - 3.15

C. Factory establishments of less than 1000 employees

.Total 15-year savings --- $ 587.0 million
.Additional factory inspection cost --- 4,145,600
.Percent costs of benefits --- 35.3 - 3.53

1/ See table 2.

2/ Range of estimates based on experience in Wisconsin and New York with respect to disabling work injuries involving safety law and code rule violations to all such injuries. Wisconsin data refer to compensable workmen's compensation cases, for which this ratio has been around 2 percent in recent years. New York's data refer to experience under the Consultant Program, where the ratio was around 20 percent in 1966.

Table 2. ESTIMATED AVERAGE ANNUAL COST OF DISABLING WORK INJURIES, MANUFACTURING INDUSTRIES, 1952-1967

	Amount in thousands	Percent
Total cost	$187,670	100.0
Part A. Indemnity cases	183,598	97.8
1. Wage loss of employees	84,123	44.8
2. Indemnity payments	39,513	21.1
3. Medical payments	12,842	6.8
4. Indirect cost to employers	6,126	3.3
5. Premium expense cost (underwriting, administration, etc.)	40,994	21.8
Part B. Nonindemnity cases (1-7 days)	4,072	2.2
6. Medical payments	575	0.3
7. Premium expense cost (of medical)	450	0.2
8. Wage loss of employees	992	0.5
9. Indirect cost to employers	2,055	1.2

SOURCES:

1. Production worker average weekly earnings equals $96.53, average weekly compensation in temporary cases equals $30.85. Difference of $65.68 equals 2.129 times compensation payment.
2. Workmen's Compensation closed-case data.
3. Item (2) multiplied by 32.5 percent, average relationship for all indemnity cases for 1952-63 period. Data from the Compensation Insurance Rating Board.
4. Computed as 11.7 percent of items (2) and (3), a ratio taken from Simonds and Grimaldi, Safety Management, p. 15.
5. Based on total earned premium expense, reduced by 14.4 percent. Data from Compensation Insurance Rating Board showed premium expense to be 78.3 percent of indemnity and medical losses.
6. Average medical cost of nonindemnity cases was $27.98. This was multiplied by 20,549, 1-7 day cases (estimated as 88.9 percent of the 23,113 compensated temporary cases). Average cost from Compensation Insurance Rating Board; the factor of 88.9 percent from Simonds and Grimaldi, *op. cit.*, p. 151.

7. Factor of 78.3 percent applied to item 6.
8. The 20,549 cases multiplied by 50 percent of $96.53 (average manufacturing production worker earnings).
9. The 20,549 cases multiplied by $100 per case, as estimated by Simonds and Grimaldi, *op. cit.*, p. 152.

Implications of Tables 1 and 2

(1) Data suggest that potentially there are large benefits to be derived from industrial accident prevention--quite apart from the human elements involved.

(2) So far as the cost-benefit ratio of labor department safety activities are concerned, a critical factor is the proportion of work injuries that result from violations of law and code rules--whether, for example, 2 or 20 percent.

(3) The highly favorable ratio of benefits to costs suggests that either:

   (a) Relatively small additions outlays for labor department safety inspection activities bring large returns; or

   (b) Other circumstances influencing the occurrence of accidents have a position of overshadowing importance in the benefit picture.

(4) Other circumstances probably dominated the results during the period studied. Most of the increase in costs to the labor department was in the form of higher salaries, there being no really substantial increase in the amount of safety effort. And while there probably was some improvement in the productivity with which existing staff was utilized, it is unlikely that this would account for the improvement in accident experience shown. (To get at these factors data should be adjusted for changes in salary and benefit levels and for improved efficiency.)

(5) The time period chosen for measurement will have a great deal of bearing on the results of the cost-benefit camparison.

MR. KEIM: I think a great deal of analysis went into that paper. Now, I will request the experts on injury statistics to come up, and I will select Miss Espenshade and ask Mr. Bresnahan and Mr. Horowitz.

First of all, we will ask the three experts if they would like to comment on Mr. Pearce's paper. Does anyone have any observations, comments, any questions?

Maurice F. Bresnahan
Bureau of Labor Statistics
U.S. Department of Labor

I am not any more prepared than the others, so I ought to speak first.

The Executive Director indicated we had all prepared remarks. I am sorry to disappoint him and you. I have some notes that I made after I read Mr. Pearce's paper.

The other remark I ought to make at once here: Walter has labeled us "experts," and in the face of you I see before me, I am glad he called me an expert. There is a lot of expertise back in the ranks, and I hope the program gives opportunities for you people to comment.

First, I will say something about P.P.B.S. which I regard not as wisdom but as a crutch to wisdom, or, as Mr. Pearce said, subject to wisdom. A few years ago, when the subject first became popular, all of us in social and economic fields were asked to judge our output on a cost-benefit analysis basis and we said, how do you do that, exactly? And we were told: suppose you want to deliver a certain amount of warhead and you have two alternative systems. One is to use missiles, and the other is to use planes. Then you go through all of this cost-benefit analysis and that tells you which is better. Then we said: is there some example you could give us from the social sciences? And they thought a minute and said, suppose you want to deliver a certain warhead--that is not their fault. Those are the fellows who did this first, the whiz kids, and they did their job well. But their problems were in different fields.

We have the problem, if we are going to use P.P.B.S., of defining problems to be handled by this technique. We have the problem of fitting the technique to produce solutions in our fields.

Assume we are going to make a decision now on how to apply our resources to work injuries. We have to ask: What are our duties, our resources, and what constraints are we under? For instance, in a given State we are going to investigate the construction industry. So, we have a duty of insuring a safe work place; that is what the legislation says. We have a resource, which is the equivalent of six positions. We have a couple of restraints.

First of all, the law says that all elevators at construction sites of more than four stories have to be inspected, and we find that this is the equivalent of one position. Then we find out that there must be inspections on complaint:

this is the equivalent of another position. So we begin with four positions not six.

Then the question is: How do we assign the four positions? Well, we take problems on a worst-first basis, and we try to work some kind of a cost effectiveness to show how this might be done. But some other questions come in: If you are going to inspect, maybe it's sufficient or effective to inspect in clusters. That is, the man is already in town and there are three sites there. It is foolish to take only the one you have placed under judgment when, with very little more expense, he can inspect three. In urban situations, this is true. You may decide that one of the obligations you have is to take contractors who frequently have been in violation or have had high injury rates. Even if you don't know any of those things, you might want to take medium-sized contractors on the basis that the rates of medium-sized firms are usually higher than those of the very large firms.

If all else fails, you go to either New York State or BLS statistics or others and find that roofing and sheet metal work have the worst construction experience, and you can start with them.

Then, you have the other choice which Mr. Pearce mentioned, between hard inspection and education and other alternatives and combinations of them. This is a case where you are going to have to set up some kind of cost-benefit analysis. I hope when we get our matched groups, which is not easy, we never get to the dilemma that the doctors have, where early in the experiment one technique is so much better than the other you wonder if it is ethical to withhold it until the experiment is completed. I don't think we have come to that problem yet.

Then, there is one last problem. I started out with the assumption you had four people to inspect or instruct or do some combination of the two. How do you get some more? I tried this in one case. It didn't work, but I thought I'd read through the exercise. Say that you have, in an industry, ten deaths. And according to the Z-16 Standard, you are charging 6,000 days cost for each of these deaths. You take the current daily wage and multiply it by the 60,000 days which have been lost through these ten deaths. It comes to $1,200,000. Then you assume, just to make the whole thing conservative, that you are only going to think about the tax which is lost on that money. The Federal and State tax, put very conservatively is $240,000. Then, say, if we put up this kind of a program, we think we will eliminate 10 percent of the deaths. That way we save $24,000 in taxes alone without any human suffering, without any consideration of other losses of which we have a long list; it seems to me that this kind of analysis gives you useful support.

One suggestion and then I will sit down. I noticed throughout your paper, Mr. Pearce, you concentrated on the frequency rate as a measure. If the groups are large enough, I think the severity rate or the severity rate considered without deaths might be a more sensitive indicator, but it would require that we used only quite large groups of firms or employees.

Alfred H. Horowitz, Director
Research and Information
Connecticut Department of Labor

I would simply like to comment on cost-benefit analysis; and certainly we can't fault Mr. Pearce on his very scholarly presentation.

I would like to throw out a notion, perhaps a very unsophisticated one, with respect to cost-benefit analysis and suggest for discussion purposes that we might get locked in sometime to a particular frame of reference with the cost-benefit approach. I think that this might be a danger, and I think it was implicit in what Mr. Pearce said. But I would like to re-emphasize it.

What I am saying is that if you analyze the costs involved with a particular approach, you can get locked into this approach, and you are still back with your a prior notion, rather than using the empirical data which the cost-benefit analysis is trying to make you do anyway. Perhaps I can give an example. If one did some cost-benefit analyses in the area of accident-proneness, one would be locked into the problem that the solution lay in the direction of the worker; and you should be concentrating on the worker and not on the situation itself.

A second point I would like to mention very briefly is that when we get to the grass-roots level it sometimes becomes a question of whose costs? And I am reminded of the story of a flood that wipes out 50,000 Chinese is equal to one that wipes out 1,000 Europeans or 100 New Yorkers or one in your own small town.

When you begin to talk about costs and dollars involved, I think that we are in an area where we are not able to evaluate those dollars. They are not equal dollars, and at the grass-roots level I think this might be an important problem.

But certainly we owe a vote of commendation to Mr. Pearce for this very scholarly presentation.

Leo G. Connolly, Chief
Division of Labor Statistics and Research
California Department of Industrial Relations

Not only are we concerned with helping administrators in our departments of labor measure the cost effectiveness of their programs, but we ourselves are administrators with resources to allocate. And in this field of safety, we have to consider that when we allocate resources to measuring benefits flowing from safety programs or any other conciliation services or apprenticeship promotion, or whatever, we are talking about resources away from research activities, which provide data useful for carrying on the existing programs when the alternatives have already been chosen.

What I have in mind is in the safety field: Where should our resources go? To a costly study to see that the consultant program is effective, or should it go into analysis of accident causes of a particular industry or a particular type of risk, radiation hazards or whatever, to assist the safety engineers in the field to perform the jobs they are performing more effectively? We have to make a tradeoff. We need different kinds of data for these two purposes.

For one purpose we need injury frequency rates. For the other purpose we need a study of the factors that lead to the disabling injury, the cause analysis, and, I think, there is a danger we can shift too much attention to program effectiveness in a rather ineffective way and using a good many assumptions that are questionable judgments and neglecting this other area.

MR. PEARCE: Can I just make one comment? I agree with all the speakers, and I think they have all made the same point, that among our tasks is that of guiding and serving the line operations, those who are engaged in the safety function in our departments. I don't know whether you got the undertone of Commissioner Catherwood's remarks yesterday morning. You may recall he spoke of the function of statistics in decisionmaking and referred to the fact that his department had been under this charge from our Budget Division to develop data in connection with the P.P.B.S. A number of these cost-benefit or cost-effectiveness studies were outlined, and I think his conclusion was that there really wasn't much hay to make in that field, and let's get back to fundamentals. Let us get back to the day-to-day operations. Let's do more efficiently what we are already doing. And I think this in effect is back of some of the comments that have been made by Mr. Connolly and Mr. Bresnahan and Mr. Horowitz.

Certainly, the role statistics can play, short of these elaborate studies is to give the safety official some guidance. What are the hazardous industries? What are the principal causes of accidents? Where should limited resources be concentrated? I suspect this is what we are all doing now, and something we could do more effectively. I think, among other things, it raises the question of whether our accident statistics are as good as they might be, whether they have been subject to sufficient scrutiny, and whether we can better use the vast amount of information that flows out of the operations of the Workmen's Compensation Board and our agencies.

MR. KEIM: Now we are ready to proceed down the line of the consultation, and primarily, I want to have the questions and observations from you people in the audience with regard to each subject.

We will start with safety statistics, and I am going to call on Miss Espenshade, who has such good ideas on administrative statistics, to give some brief remarks to get things started.

Esther E. Espenshade, Supervisor
Statistics and Research
Illinois Department of Labor

Last year the IAGLO (International Association of Governmental Labor Officials) invited the North American Conference on Labor Statistics to present a panel on administrative statistics. I was asked what could be done in the way of administrative statistics for industrial safety work.

I entitled my talk USE OF INJURY AND INSPECTION STATISTICS TO PROMOTE INDUSTRIAL SAFETY.

Suggested Applications of Statistics to Safety Inspection

Applications of statistics to state labor department administrative problems are as numerous as the problems. In my talk I suggested seven statistical applications to safety and education work. These were:

1. Determining problem areas in labor law enforcement.
2. Making more effective use of inspection staffs.
3. Measuring inspection adequacy and intensity.
4. Using work injury statistics by area as a means of locating industries of high injury hazards.
5. Utilizing industrial safety inspection experience and work injury experience as means of evaluating effectiveness and adequacy of State health and safety laws and their enforcement.
6. Preparing budget presentations for State departments of labor. Budget presentations can be prepared for an entire department, or a division, or on a functional basis by programs, provided sufficient statistical data are developed.
7. To assist in setting goals for improving performance, and in long-range planning of programs to achieve these goals.

High Injury Rate Industries Recommended for Intensive Inspection Coverage

For those of you who have not sat in on meetings relating to the discussion of injury statistics in the past, I will mention a few illustrations of applications of statistics to safety and education work.

Illinois, as other States, has used injury frequency rate statistics to identify abnormally high-injury incidence industries. Since the data to calculate true injury frequency rates are not collected or available, we calculated imputed rates of compensable work injuries per 1,000 employees for 3-digit industries. We identified 21 manufacturing industries that had relatively high injury rates, that is, higher than the average for all manufacturing combined, or with a rate of 25 compensable work injuries reported per 1,000 workers and recommended that safety inspection work be directed particularly to these 21 manufacturing industries.

We also have identified eight nonmanufacturing industries with high injury rates, in excess of 25 compensable work injuries per 1,000 workers.

This type of procedure is definitely in accord with the "worst-first" philosophy recommended in the Kirschner Report.

Placing priority for inspection on industries and firms having high injury rates obviously implies that the establishments complying with State safety and health rules have a better accident record than the noncomplying firms.

Charles Pearce's excellent study in New York has given statistical evidence that there is a close relationship between compliance with safety laws and low-injury rates, and also the converse that there is a relationship between non-compliance and high-injury rates.

More Attention to Noninspected Establishments

Another aspect that State departments of labor have not given enough attention is the identification or establishments not being inspected under a particular program. Efforts should be made to extend inspections to establishments which have previously not been within the purview of the state inspection services. Many of these establishments are in the nonmanufacturing industries.

Nonmanufacturing establishments included over 70 percent of all workers employed nationally in nonagricultural occupations

April 1969	(in 000"s)	
Employed civilian labor force (including agriculture)	77,079	
Employees on nonagricultural payrolls	69,829	100%
Employees in manufacturing	19,975	28%
Employees in nonmanufacturing	49,854	72%

If safety inspection records include establishment coding identical with or cross-referenced to that used by State unemployment compensation divisions, tabulations can be made of noninspected firms by checking off those inspected from the universe of firms covered by unemployment compensation.

It is from nonmanufacturing industries that the greatest expansion in work forces is expected in the next decade, and certainly more attention should be given to procedures to bring the programs on occupational safety and other labor standards areas to these industries. Unfortunately, today, too much of the State labor department's concern is being expended on employees in manufacturing firms where only a small fraction of the workers are employed.

Better Allocation of Inspection Services

Another illustration of the statistical data was relating the data on work injuries, both the injury rate and the number of injuries occurring in various industries in different areas, to the inspection results for each safety inspection district.

By relating inspection results, employee populations and work injury rates by area, State departments of labor can better allocate services of their State safety inspectors and adjust district sizes to a combination of employee population and injury rate level.

Setting Goals of Accomplishment

Perhaps the most fertile area for the use and application of statistical data is in setting goals of accomplishment for an operating division, and for measuring the relative attainment of these goals.

As stated in the Kirschner Report, efforts should be made to define clearly one or more realistic missions for labor standard programs. Defining a mission with precision and clarity is a necessary first step toward the implementation of more effective programs.

Starting with the general goal "to make Illinois the safest State in which to work," we tried to translate this general goal into specifics.

1. The State should schedule some procedure to inspect and check all establishments within the State for safety hazards.

   As an example, the first goal would be: to inspect all establishments within the State at least once by 1970. This requires using statistical tools to establish the universe of firms to be inspected, such as tabulations from unemployment compensation.

   Then, using these tabulations and listings by area, inspection quotas and routes have to be set up for task forces.

2. Inspections, however, are not enough. Some way to rate (or grade) firms on safety would seem to be required. We need criteria on which to base classifications of firms as to degree of hazards. Hazards could be grouped as:

   A. High or serious hazards, such as unguarded machinery, unsafe equipment, unsafe work areas.

   B. Average--generally safe working conditions, but some attention needed in housekeeping, and other sub-standard conditions.

   C. Relatively safe and healthful work environment.

3. Research techniques need to be used to work out a suitable checklist for each industry.

4. Procedures have to be established to correct the specific hazards uncovered on this general inspection and rating basis.

Procedures have to be set up to apprise establishments and employers of the hazards of unsafe conditions found.

Procedure suggested as to how these may be corrected--by supplying information (safety education work). Perhaps managers and supervisors from establishments with similar hazards should be invited to attend the workshop to hear these hazards explained and how they can be corrected.

Developing Evidence on Occupational Safety and Health Hazards

Establishing criteria on what is hazardous and types of suggested corrections will introduce an entirely new facet to the research and statistical efforts of State departments of labor.

In reading the Hearings before the Select Subcommittee on Labor for the proposed Occupational Safety and Health Act, H.R. 14816,[13] the testimony on the extent of hazards in American industry is shocking.

Dr. William H. Stewart, Surgeon General, U. S. Public Health Service, Department of Health, Education, and Welfare, testifying on this occupational safety bill, said: [14]

"In 1966-67, in six metropolitan areas, 1,700 industrial plants which employed 142,000 workers were examined and it was found that 65 percent of the workers were potentially exposed to toxic materials or harmful physical agents, such as severe noise or vibration."

"Only 25 percent of these workers were protected adequately from toxic agents. The remaining workers were plainly unprotected or working in conditions which needed immediate attention."

"Of the 231 foundries studied in one State with an active occupational health program, 7.3 percent of the 3,200 workers, or one in 15, were exposed to environmental conditions which were capable of producing disabling and fatal diseases."

"We estimate that more than 20,000 workers in this industry are presently working under dangerous conditions."

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[13] Occupational Safety and Health, 1968: HEARINGS before the Select Subcommittee on Labor of the Committee on Education and Labor, House of Representatives, 90th Congress, 2nd Session, on H.R. 14816, February--March 1968.

[14] Ibid, pp. 105-107.

New Areas for Occupational Safety Research

I predict that this movement for improved occupational safety and health in the United States will bring drastic shifts in the emphasis placed in departments of labor on statistical and research programs. Some of these suggested areas of research are:

1. Training of workers for safety inspection
   - -- Need for increasing expertise and capability of personnel
   - -- Training of safety personnel including sub-professionals (2nd or 3rd level positions) in safety

   Research is needed to discover the best methods, and the factual material to be used in training programs.

2. Establishing systems for collection of information concerning nature and frequency of occupational injuries and diseases--probably financed by Federal grants to States.

   Departments of labor statistical divisions will be pressed to estimate costs of various types of reporting programs, as well as to determine methods and procedures for reporting systems.

3. Information will be needed for developing sound safety standards. This will require detailed study of the provisions in the consensus standards of the USA Standards Institute. These are listed in the USA Standards Institute Catalog, 1968, page 65.

4. Criteria from which standards can be established need to be identified, i.e., the scientific base from which standards are developed.

   State department of labor research people will have to be able to interpret scientific reports and findings in order to evaluate whether their standards are adequate.

5. Department of labor statisticians will have to give more research time to determining the administrative relationships and alignments that exist in their States of various safety laws, as these are generally not now consolidated within the departments of labor but scattered over a number of agencies, both in State and in local governments.

   More attention has to be given to interpreting and evaluating the adequacy of various structural arrangements for administration, enforcement, and education in the occupational safety field.

I think I have outlined here some of the new approaches that department of labor people and statisticians will be applying to the subject of occupational safety in the 1970's.

MR. KEIM: Esther has really a very informative statement on this subject, and each of you has a copy of this. But we are now going to throw it open to the State and Province Departments of Labor: What observations would you like to make from the point of view of your own experience, and any questions that you want to put to this expert panel?

MISS ATKINSON: (Arkansas Department of Labor) First of all, I am in the process of trying to make a new form for our safety inspectors to use, and the favor I would like to ask: If any of you can send me a copy of your forms, it would be greatly appreciated.

When an order for violation is given to a company, it is first of all terribly hard to get them to comply, and it is utterly impossible to get them to notify us that they have complied. We leave them a copy of the order; they are supposed to sign it and mail it in after compliance; and immediately this is thrown in the waste basket.

Unless we go back to the plant to see if they have complied, we don't have any way of knowing. If I don't receive a copy, I send a letter out two weeks after they are supposed to comply. It is a kind of harsh letter, saying we will prosecute if nobody complies.

MR. KEIM: How do you handle that, Mr. Horowitz?

MR. HOROWITZ: We get the notifications from the safety inspectors. I am not implying that Connecticut employers are different from Arkansas employers, but this is your own conclusion, to which you have to jump, but actually we do get notices from our safety inspectors with respect to compliance.

There is a follow-up visit, if necessary.

MISS ATKINSON: Does the company send this in to the safety inspectors?

MR. HOROWITZ: Yes

MR. JONES: (Labor Safety Council of Ontario) I believe that with statistics you can point up problems, but what do you do with the statistics when you get them? I find that the administrative people in Safety Departments have often misinterpreted them to the point that they start requiring something, people to do something, which won't solve the problem. It may look as if it is solvable but it is not. And this ties in with another point that you made where accidents were occurring and it wasn't where they were violating the law.

MISS ESPENSHADE: I don't think we can draw the conclusion that because the orders or rules didn't match the injuries that there weren't violations contributing to the injuries.

We try to get very dislocated data together because the Workmen's Compensation agencies are so far removed in most States--certainly in our State we have seen no data for 4 or 5 years, we haven't been able to get the two to work together to code and match the material. And I think we ought to start back to the old idea of looking in an establishment, at the full story of what is there.

MR. JONES: You are looking at the real company to see what the problem is, not the broad question?

MISS ESPENSHADE: Yes. And we are not relating the two together. The inter-relationship needs to be made. I think we need to bring the full impact together almost firm by firm to a much greater extent than we have done. And this is the problem, getting the data together.

MR. JONES: I would like to cite a specific example, if I may, which I think should back up what you are saying:

When I was working on the project a few years ago, I decided to look at a group of 20 firms at random in Ontario to try to find out whether inspection had some effect on the accident rate. And when I looked at them, the closest conclusion I could come to was that the more accidents they had, the more visits they had by the inspector and the educational officer and what have you. I took one particular firm which fascinated me, which is the sort of thing that backs you up.

This company had more and more frequent visits by both the enforcement agencies and educational agencies, the people doing the consulting. Eventually, the rate got pretty high and the Compensation Board threatened to increase the rates. It dropped very rapidly, so the enforcement agency then said, "We have done a wonderful job. You see, when we go in more often we reduce the accidents." The educational agency or consulting agency said the same sort of thing.

I went into that particular company and I found that they worked out an agreement with the local doctors where with minor injuries the fellow got right back on the job. So, if you go the to individual company, you can find the true answer. They were truly interested in keeping their Compensation rates down, but in the broad picture, this would show that the accident rates were going down. But in all fact, they had not gone down one bit.

MR. ROTHMAN: (Bureau of Mines) The United States Mine Act says we have to do things for the safety of people. We have some advantages in that we don't worry about the cost benefit; people are important, not money. We have trouble with the money, too, but the emphasis is what the name says: accident prevention.

There is one major disadvantage we have in this area and the advantage we have in being a small industry is more than offset by the intensity that the public and the Director of Mine Safety have. You can imagine what happened last year when the Mannington explosion took place.

What we have is a very intense activity directed toward what the name implies: making industries safe for the workers.

We have mine inspectors, too, and there are two parts to the law: the Act which gives the Director the right to close a mine, and the Code which details unsafe practices. If there is a violation of the Act, the mines are closed. If they have not such a dangerous situation, they will be given time in which to correct it. But the inspector goes back. This is not a mail order business. He will go back and inspect it, and if it is not corrected, he will close the mine or a section of the mine.

There used to be a time when the mine inspector's visit was announced; and the Bureau of Mines was criticized. The miners were told, "Don't you know better than to allow a violation when an inspector comes around?"

Last year we introduced unannounced one-day inspection visits. The inspector comes in and walks through the mine. We have looked at some of the inspectors' reports and some of the inspectors will always find electrical violations. Others will find dust violations. Others will find danger of water flooding. They all find violations according to their own experience. So you have now got the inter-inspector variation, and we are toying with sending teams of inspectors and increasing their training so they will be better aware of all these problems.

We took the number of violations that were found by day--some of our inspectors took as long as 7 days--to see whether you find more violations on the first day or the second or the third. You know the mine owner may clean up the mine as you get in, and this was true. There were more violations the first day than the second or the third, except for the last. The last day showed an unusually large jump in the number of violations. This was unexpected, to say the least, and it developed that when inspectors took coal dust samples they would send them out to be analyzed. The samples of all the days, all of these came back on the last day, and so all the violations came back on the last day.

This points out one of the advantages of knowing what you are doing, and this points up the other areas that we have, research to prevent accidents, and one of the areas of research will be some kind of a testing device to give us immediate readings of coal dust samples.

Let me digress for a moment and say that the economic impact is important. The impact on the miners who don't lose wages, the impact on the employer who doesn't pay out so much, but the prime consideration is, again, the miner, and this leads me to one of the major points that we are facing right now, and that is the basic statistics that we have been collecting, and that we will collect in the near future.

We all, for greater comparability, follow the Z-16. We have made an effort to change the Z-16. We have heard in a large number of cases that hurt employees are brought back into some job, just answering a telephone in one case, and although it doesn't ring much, it rings twice a day, but as long as he comes back to an established job we lose all knowledge of that accident, and I don't see how we can analyze the cause of accidents unless we hear about the accidents.

We try to get some information on how frequently these situations arise. We have been unsuccessful. We have some pretty good stories about riot squads whose function it is to bring employees back, if they can't walk, so--this is not funny. It is a real serious situation because we are dealing with a group of safety people who have a function to perform similar to ours, and they may have been carried away with the idea of getting a safety competition award to such an extent that they are trying to hide a basic commodity which we are trying to get, statistics.

It is a serious thing, based on two additional studies we did just recently: one, we took a very large coal company, not an establishment, a company, that had 10,000,000 man hours in 1968. All the accidents that they reported to us were put into distribution by duration of accident, the number of accidents for 1 day, 2 days, 3 days, 4 days, and so on. Just to look at that particular distribution we expected a reverse "letter J" distribution. We didn't find it.

What we found was that no accident was less than 8 days, not a one.

MR. KEIM: I think that a great many of the things that you said apply across the board to all industries, and it is a very appropriate statement.

Thank you.

I want to ask of the State and Province people: Are any of you just now installing or attempting to establish a statistical reporting system on safety or inspection? Or are you all through with the process? Are there any questions on the establishment or maintenance of the statistical reporting system? Does this come under your jurisdiction in Ontario?

MR. JONES: In our Department of Labor we have been collecting statistics for a long time. We are now working on a system to put in the computer.

MR. KEIM: One question.

MISS ESPENSHADE: Are there any States that collect reports of all disabling injuries from the establishments and use them in any way in the safety inspection work? I would be interested in how it is being used, the direct application of the frequency rate material.

MR. KEIM: Do you have any comment on that, Miss Prendergast?

MISS PRENDERGAST: We work it both ways. On the safety inspector's report, every first report is xeroxed. We have eight safety regions. They are divided and sent to each region. The safety inspector sends copies to his supervisor and they investigate each report.

Besides that, they go to all the high-frequency rate establishments and do special investigations, so the whole thing is tied in.

MISS ATKINSON: I get a copy of each and every Workmen's Compensation report, and I go through them all, and all lost-time accidents. I give them to the men in the field whose territory it is. They are supposed to go through them and check out the good and bad ones.

MR. JONES: I would like, if I could, to make one comment.

In our province, for occupational safety, our Department of Labor has a budget of $4,000,000 annually, and the Accident Prevention Association is operating out of the Compensation Board with another $4,000,000, and this doesn't include municipal construction, safety inspections, or logging inspections by the Department of Lands and Forests.

I am wondering if there is anyone here who can come anywhere close to this figure? That should be interesting.

MR. PEARCE: We spend in excess of $4,000,000 in our State Labor Department. We don't know how much private industry spends.

MR. JONES: On safety?

MR. PEARCE: On safety.

As far as I know, there is no very good way--is there--of estimating the expenditures of private industry. I know that insurance carriers are allowed, I think, up to 2 percent of their own premiums for safety activities. But most people are skeptical that they spend anywhere near that amount. If they do, you have a fairly sizeable industry expenditure. But this certainly is one of the unknowns.

MR. JONES: I didn't include the insurers in this. I just included the Accident Prevention Association under the Board.

MR. PEARCE: I am not familiar with your setup. We don't have that setup.

MR. JONES: Mr. Pearce, you mentioned that you were doing Consultant work, helping people develop accident prevention programs. This is one of the fields that lies with our Accident Prevention Association under the Board. So our $4,000,000 does not include that aspect of it.

MR. CONNOLLY: How big is your labor force?

MR. JONES: I am not sure. But the total population is 7,000,000.

MR. KEIM: Let us have the next question.

MISS GOLDIN: (New York State Workmen's Compensation Board) I just want to make a comment that we in the Workmen's Compensation Board send in reports every month on mine facilities, and I was wondering what use you make of those statistics?

MR. ROTHMAN: The use of statistics, not only from New York but with respect to other States, is that they investigate every fatality; and I have heard of more than one occasion, if you want accident statistics, use "fatality," that is definite. My comments are directed not so much to fatalities, but to the prevention of all accidents that could lead to fatalities.

And it was the non-fatalities that were lost all over the place, and from our experience, now that we are taking each mine, each establishment, and getting strikes in terms of days lost, it is showing up more and more in a large number of cases, where we don't believe what we have been getting.

MR. KEIM: Just one final statement of a minute by Mr. Bresnahan.

MR. BRESNAHAN: There are some weaknesses. A couple of the things that Abe Rothman mentioned we are fighting very hard. We ask on our report form for temporary--total disabilities of two groups, one to 3-day and 4 or more days. We are assuming they will report compensable and not disabling and we'll write back and say, "Don't you have any little ones?"

A more important comment: If we ever get good comparable Workmen's Compensation statistics across the country it will put Z-16 out of business, us out of business, and many of the State programs out of business. We have been harassed in this because there are so many differences, not only between the statistics but between the operations, the laws of Workmen's Compensation--I have been attempting for something like 10 years to get set up in BLS a national center for Workmen's Compensation statistics, and so far we haven't got the budget for it.

But, because it got tired of waiting, the Statistics Committee of the International Association of Industrial Accident Boards and Commissions, which is the trade union of Workmen's Compensation Commissioners, tried to get on a comparable basis or as comparable as possible last year some indications from the various jurisdictions; this is not just dates.

There are 54 jurisdictions in the United States, more jurisdictions and provinces in Canada. To get some comparable statistics, we got this little report out. There are more footnotes than there are tables trying to say why they are not comparable. It didn't get the wide distribution that I hoped it would. I am about to duplicate my copy and make some more copies to distribute. Anybody who will give me his name and address may have a copy.

MR. KEIM: Thank you.

Now, I am going to discharge this panel and bring up another one.

Thank you very much for a nice job.

I want to discuss industrial relations statistics. I ask Mr. Cohany and Mr. Connolly to come up.

This is Mr. Cohany, who is in charge of aspects of Industrial Relations programs in the Bureau of Labor Statistics.

MR. COHANY: (Bureau of Labor Statistics) Fortunately, I can make it very short and sweet. In this mornings's program on Collective Bargaining, someone gave a wonderful summation of our work in work stoppages, Industrial Relations. I have nothing to add to what Tom said.

But I might add, we would like to get ideas from the States as they relate to our work, and perhaps we can accommodate you. We will certainly try, in the private sector, and particularly in the public sector. We have in many of our programs a cooperative arrangement with some of our States, like in the work stoppage program. We have also cooperated with some of the States in gathering union membership data; and we are working with Mr. Connolly of California and his staff on a joint survey of public employee associations, groups that might be referred to as near-unions. Are they going to remain employee associations, or are they going to become more and more like conventional trade unions?

Now, we would like to pursue this course with other States, enter into cooperative arrangements with public employee associations in other States, and if you are interested, get in touch with us; we would like to accommodate you as much as we can.

MR. KEIM: I think that what we will do in view of the time situation--we are coming up to Banquet Night--I would like to invite Miss Clara Schloss, now, because I want to have her talk about minimum wages and prevailing wages.

Before I do that, let me say that we welcome your comments, observations, questions, indications of uses of industrial relations statistics. Who wants to lead off? Who has any questions they want to put to Mr. Connolly of California, who has a very extensive program of industrial relations statistics, and Mr. Cohany from our Bureau? If you want to talk about minimum wages, we have a real expert here who is an Assistant Administrator of the Wage and Hour Administration.

MISS ESPENSHADE: In compiling the industrial relations statistics, relating to union membership and some of the other subjects, do you have any trouble in the labor union's revealing that?

MR. COHANY: Not as a rule.

MR. CONNOLLY: To answer your question very briefly: We really have no problem at all. We have full cooperation of management and labor unions. I should explain that our union membership figures are kept completely confidential.

I should also say that all of these programs are strictly voluntary. There is no law requiring any of them to file their agreements with us, or to report their membership annually. So we have very tight security of our membership figures.

Our union contract files have been kept open, and in 18 years, only once have we had trouble in keeping an open file. Any union or management can come in to look at any of the agreements of the 4,000 we have on file.

This particular case involved an employer who came in and said he was being confronted with a union that was seeking recognition. The employer reviewed the agreements we had on file for the particular local union. It happened that they were not current, they had expired in recent months. We had, of course, written to the union for a current copy, but they had not supplied it.

He then used this information in his election campaign brochures, and the union business agent was a little upset when they lost a representation election and found out that the lawyer had gotten the information from us; as a matter of fact, he quoted the information as coming from us.

MR. KEIM: How can you stop this?

MR. CONNOLLY: There is nothing we can do. I explained to the agents of the union, if he had had his contract up to date, the provisions could not have been quoted; but maybe they were just as bad in the present contract.

That is the only instance, but I know that more sophisticated union advisors make use of our file and appreciate the use of having it available.

It was the first wage arbitration involving the farm workers in California and Di Giorgio, that both the union and management research people used our file, and the exhibits presented to the arbitrator came from our files. I imagine there are occasions when probably either the employer or the union would be just as happy if the information was not available to the other side, but they recognize in California it is just as well to put your cards on the table and not try to keep things confidential.

MR. STARR: (Ontario Department of Labor) Can you tell me what agreements you go after?

MR. CONNOLLY: We try to get every collective bargaining agreement in California, with this qualification: If it covers less than 10 workers and we have trouble keeping it on file, we cancel it. We make a special effort to keep on file current contracts of 100 workers or more, and they are the ones used for analyzing certain fringe benefits.

MISS ESPENSHADE: To whom do you write?

MR. CONNOLLY: In the first instance, we write to the union. If we have some difficulty getting the thing from the union, somehow they might not have one available, then we write to the employer.

I should say we started our file initially under the Wage Stabilization Board during the Korean War and back in '49, as part of our union survey. We asked every union in the State to provide us with a list of employers' associations that they had to bargain with. We started with that State list. Since then, we have made use of NLRB tallies of ballots. If the union wins, we make a little card; we follow up in 2 or 3 months and find out if they were able to get a contract.

MR. PEARCE: Our analyses of union contracts are all on a special-project basis. We will do severance plans or health and welfare or vacations. We usually have 1 or 2 of those going each year, so that I would say we do have a regular program of analysis, but we do not do it automatically.

We were able to do it for construction, but, obviously, where it is not available, we do not do it; which would be the case with most manufacturing.

MISS SCHLOSS: You haven't developed statements: We have a real problem using our earnings figures where people have fringe benefits that account for as much as the earnings.

MR. PEARCE: You know about the work that BLS does in this area, and we are now engaged in making an analysis of their procedures with the idea that perhaps we can do something similar to New York State. If fringes are 20

[illegible]

MR. CONNOLLY: May I just comment.

I just wanted to say that in California we are looking at the same thing. We are reviewing BLS methods and I don't think we will go that route entirely, but we are at least going to try to improve our annual rate settlement report. My feeling is that workers are more interested in whether they got that fifth week of vacation after 20 years, than they are in arriving at a package figure that they can't understand; it is too complex for them.

MR. SCHWARTZ: My question is addressed to Mr. Cohany with regard to his methods of estimating union membership in the country, and this material is usually described in the bi-annual directory that you people publish.

The question is this: In view of the changing role of employee associations in government, will you alter or modify your union estimation procedures?

MR. COHANY: You are hitting me on a very sensitive spot. We are in a bind on that. We have talked about it and haven't come to any decision. We don't know enough about many of these associations at the present time to really lump them one way or the other. It is true that many of them are behaving like conventional trade unions, many others are not. Until we know more about them, we don't want to mess up our consistent union figures that go back to the turn of the century and now bring in several thousand members of the N.E.A. and other groups. Ultimately, we will have to come to a decision on that, but for the time being we have postponed it. What we are trying to do, however, is bring these groups in gradually.

This year, for example, we are going to list these organizations, and ultimately, as we learn more about their existence, develop some sort of criteria to establish comparability between the conventional type of trade union and these new organizations. That [illegible] a satisfactory answer because it doesn't satisfy us.

MR. HOROWITZ: Has anybody done any work in trying to estimate the cost savings of the Mediation Arbitration Division? You probably saw that reprint in the Washington Post, where the U.S. Arbitration Service made some estimates in the methods they employed. Has any State agency done this?

MR. CONNOLLY: I can only answer for California and the answer is no.

I would just mention that we have thought about it, and we are confronted with the necessity of developing a program and budgeting system, and we have already published this year, for the first time, the Governor's Program and Budget. So, at least, there has to be some kind of a narrative judgment for the program, but the problems are very complex.

In my opinion, I don't think it can be done in any sensible way. Just to illustrate: There are situations like strikes of pari-mutuel clerks, where you can demonstrate that the State is losing $50,000 a day because the horses aren't running, and if a mediator goes in and there seems to be an immediate

[illegible]

[illegible] many of their activities. What they do varies all the way from making a phone call to spending many, many days writing the contract with the parties. And I think that our work figures don't reflect what the services do.

MR. PEARCE: There was a paper given--it happened to be out of a seminar in California 10 years ago--on the question of effectiveness of State mediation work, which I think touches on some of these angles, but certainly doesn't get into the problem of cross-analysis.

MR. CONNOLLY: Mr. Horowitz, I happen to have a copy with me. I had a load to bring down here. But the proceedings of that conference contained a detailed discussion of union membership statistics, both by State people and Federal people, contract analysis programs, the use of mediation statistics. It is an extremely useful reference, and we have a few copies in our division, and if Al can't supply them, you can write to us.

MISS ESPENSHADE: As I understand it, the Bureau of Labor Statistics has a requirement that all labor contracts be filed; is that correct?

MR. KEIM: Let me disillusion you on that score. The Taft-Hartley Act simply gives the secretary--it's not really a requirement--it's a grant of authority to set up a file, to retain such a file and use such a file or any other aid that the parties may want.

MR. KEIM: Paul Mulkern is the Assistant Regional Director of the BLS in Boston. Paul is one of the leading experts in industrial relations statistics in our field organization.

Paul, [illegible] for information in this area of industrial relations statistics is there? Who is the principal [illegible] users?

MR. MULKERN (U.S. Bureau of Labor Statistics): I think it is hard to say, Walter, because we get them all across the board.

I couldn't tell you what our relations are with unions, management representatives, and so forth. I would gather that during the course of the year we probably get a dozen requests from a union representative or an attorney who contacts us and wants to know whether we have a particular agreement filed.

As Walter says, we do have a list of 2,000 key agreements and then approximately 4,000 non-key agreements, so we probably have printouts in the regional offices, so we can answer them very quickly. They are on the basis of industry, union; on the basis of State; it's a very simple matter. Within a matter of 5 or 10 minutes, the regional office can tell the person whether the agreement is on file, and Harry's division has been trying to duplicate these agreements and send them to the firm or attorney in a matter of days. That is one area where we get fairly frequent requests.

[illegible]

Again, in the area of strike statistics, we get quite a few requests, typically, from the attorney who is representing a company or the personnel manager who is representing a company, and they are eager to find out what the number of strikes is that have involved a particular union. Well, of course, it is not the policy of the Bureau to try to identify stoppages in which a particular union has been involved, and therefore we have to tell them that this is just not--we don't feel that this is a proper function for the Bureau, and we suggest that there are newspaper clippings, if they want to check back in the morgue of a particular newspaper; but as far as our files are concerned, although we can give them information on the number of strikes in a particular area or the number of man days lost, as far as information as to particular unions, we don't feel that is particularly fair.

So, that is the type of statistics that I would say a half-dozen times a year we get a request for, and we are not able to do it.

MR. [illegible]: Last year, in the Bureau, we answered half a million requests for information, so it is a very heavy program.

MR. [illegible]: I understand there is somebody here from the Bureau of Labor Standards. Is that correct? I'd like to make a pitch in the interest of efficiency to our friends in the Federal Government for keeping up to date these [illegible] that they prepared, State labor laws, that is the broadest field of labor-management relations.

MR. [illegible]: In this area, you do have a pretty close working relationship with the State Departments of Labor.

[illegible]

MISS [illegible] (Women's Bureau) We keep up to date on our women. As far as your question is concerned, we put out a summary of State laws each year on women: minimum wage, hours, and so forth. We have 1968 State laws in relation to women that are available.

MISS ESPENSHADE: I would like to second the suggestion that we ask the U.S. Bureau of Labor Statistics and the U.S. Bureau of Labor Standards--whichever is appropriate--to keep comparable and up to date all the legislative material, so we don't have to go to all the 50 States and repeat this, because it takes a lot of work to compile all this, and each State is doing it all over again. But I think we should spell out the information we want. The IAGLO Report indicated the number of safety inspections and the staff related to the enforcement of the laws: this is invaluable for budgeting purposes. I think it was in 1965 that it was last done. And if it can't be done annually, it should be done bi-annually for each State. A summary would help so that you could get patterns.

MR. PEARCE: I believe the so-called Kirschner Survey covered that.

MISS ESPENSHADE: It asked all the details and gave us no playback.

MISS SCHLOSS: They did try to get it but the returns on the questionnaires were very inadequate and we did not tabulate them.

MISS ESPENSHADE: This questionnaire was very poorly designed and the material they published on statistics; anything on Illinois was incorrect.

MR. KEIM: Now, I would entertain questions on the minimum wage, the daily wage. I know the Canadian folk at Ontario were in Washington to talk about minimum wage procedures. It is not my area, so I am not certain of what went on.

MISS STREIDEL: Could Clara tell us what is this act that has been proposed to the Congress that relates to minimum wages?

MISS SCHLOSS: There are a couple of bills, one in the Senate, one in the House. We have not analyzed them and they have not been sent up for hearings. But, broadly, they set a $2 minimum wage, and in general terms they eliminate most of the exceptions that are in the FLSA and they have extensive coverage of Federal, State, and local employees.

MR. CONNOLLY: I would like to mention a development in California that might be of some interest to us.

Our industrial welfare commission proposed that we have a wage order for women and minors in domestic service. The prognosis is very poor. I would say there is no chance of our getting such an order since the composition of our industrial base is changing.

However, if anybody here is interested in the Wage Board Report, they can write to me and secure a copy. And I think they did a pretty good job, considering they have no data. And this might be of interest to you, too.

MR. SAUNDERS: (Canada Department of Labour Has any State or Federal level ever considered a maximum-hour work week?

MISS ESPENSHADE: What maximums are set in Canada?

MR. SAUNDERS: Currently, the maximum is 48 hours for all those under the Canadian Labor Standards, for Federal jurisdiction employees; but, you know, in Canada it amounts to less than 10 percent of the labor force. But we ran into a lot of problems because the industries we covered, shipping, transportation, railroads, the hours vary all over the place. In a number of cases we upset the collective bargaining relationship.

MISS ESPENSHADE: There has been kind of a growing rumble among some men that they would like to see some limitations on the hours they can work; and incidentally, even though there is a limitation in the Federal Transportation Act of 16 hours a day, and under some States--there is that one area of transportation, highway transportation, where there is this limitation--but I think there is some interest in limiting where they are being forced to work too many hours, especially on continuous shifts where they dovetail two shifts together and some people said they had to come to work 24 hours straight.

MR. SAUNDERS: For safety purposes, yes, but here you go to standards. You are beyond safety when you are setting 48 hours.

MR. STREIDEL: Is it because you are trying to develop more jobs for people? You had a labor shortage.

MR. SAUNDERS: I think there are reasons why. Employment is one, certainly; but I think another one is a feeling of letting workers share in the progress and complying with the ILO Standards, even though ILO has recommended there be a maximum number of hours per week limit set.

MR. KEIM: I want to thank all who took part in the meeting here as expert panelists and Dr. Pearce for his fine presentation.

It was difficult for us to get out of the safety area, but I suppose we could have gone on for many hours in that field. So thanks for your participation here today, and I think we will adjourn as of now.

ROUNDTABLE: TECHNICAL ASPECTS OF FEDERAL-STATE MANPOWER STATISTICS PROGRAMS

Chairman: Charles A. Roumasset, Regional Director
Bureau of Labor Statistics
U.S. Department of Labor, San Francisco

One of the factors about this gathering, is that I did not meet the members of the panel or the roundtable to discuss with them what we are going to do until about five minutes ago. I think this will lend a sense of ease and informality and flexibility to the occasion.

What we propose to do is to divide the three subjects, Current Employment Statistics, Tomorrow's Manpower Needs, and Job Opportunity Statistics into three equal sections, spending 40 minutes on each one, and I hope get out of here not much later than 4:30 or so.

I have asked the speakers, although all of them have spent a good deal of time preparing papers to deliver on this occasion, not to deliver their papers, but to sort of summarize them and limit their remarks to 5 or 10 minutes, and then we will open the floor to discussion so that we can have a real roundtable and a good interchange of views.

I want to start off by talking about the Current Employment Statistics Program. This is our pioneer program, this is the program on which most of our other work rests. I will resort to Mr. Dudley Young's definitive work on the subject of Cooperative Federal-State Programs, which I have used so often, and which is an excellent bit of work. Mr. Young described, as most of you I am sure remember, the cooperative State program as a mountain range swathed in mist in which occasional peaks and promontories are visible, but through which the true extent of the range is indecipherable.

Mr. Young wrote these elegant words something like 10 years ago now. I think if he were revising his report today, he might liken the Federal-State cooperative programs, not to a mountain range but to a sort of inpenetrable jungle or perhaps a date orchard, which is uprooted and replanted every two years or so.

I use the analogy with a date orchard with a purpose, because a date orchard is one which produces no fruit without very careful tending.

What I am trying to point out is that this is a field in which a great deal of work has been done, and I think here no one has done more work in this particular field than the man whom I am going to ask to lead off the program, a man who has been of enormous service, and of whom not only Assistant Regional Directors but Regional Directors lean for expertise in the Federal-State cooperative statistics program.

So, without further ado, I want to turn the microphone over to our distinguished colleague, Mr. Owen E. Delap.

Owen E. Delap
Bureau of Labor Statistics
U.S. Department of Labor

The Federal-State Cooperative Program is not new. It is about 20 years old, and is still healthy. It is still growing.

I was just looking at some figures the other day on samples. We have added about 23,000 establishments since we introduced the new sampling plan in July, 1964. I am reminded that at the time Jack Wymer did his sample analysis on which he based the new sampling scheme, there were 108,000 units in the sample. So, in spite of not getting the traditional funds to expand their samples, the States went ahead and did it anyway.

Part of this, of course, is because they were adding new areas. They felt the need for statistics for additional areas, and that calls for sample analyses and additional samples for the new areas.

In addition, they no doubt wanted to add additional series--industry series in the States--and their analyses showed they needed additional samples to do that.

So, we have gone up from 108,000 in 1960 to 160,000 today in sample size, and not much additional funds have been given to the States to do this.

In fiscal 1966, we gave the States some $200,000 in additional funds for expansion purposes to do some more samples, and to add some more areas. And they have done that.

We are now publishing a series for 205 areas. We don't have very many areas left to study. And, they are, you know, rather small in the main. So, in terms of what we might propose as something we'd like to see in the way of program development, we think there is a need for adding on the remaining SMSA's to the program. Some more samples are needed particularly in training service, probably in the nature of thirty to forty thousand more establishments. To go along with this, of course, we had hoped that the States would publish more industry data, both in employment and in the trade and service sector.

Another item that we think is important is getting central city statistics. This is a rather new thing. Of course, everyone is interested in central statistics, and analyzing the growth of the central cities as compared to the total SMSA, or as opposed to the remainder of the SMSA.

We have, in our proposal for additional money, recognized that getting central city data is an expensive thing. Two problems are involved. One is the matter of recoding the central city establishments in the Unemployment Insurance System. A separate code is needed for the central city. Generally, the codes now are all on a county basis.

Another important workload item is the matter of preparing benchmarks, so our discussion covers this item too.

We might want to do a few other things in the field of employment statistics or for related series, and I will just list these briefly and then we will get on with our discussion.

We would suggest you might want to have a production workers series, say, for clothing manufacturers, maybe durable and non-durable. We also suggest you might want to try setting up a series for women workers. Some States are doing both of these things. We would be happy to see more do that.

Some States are now publishing series adjustments for seasonality. This is another field you might want to consider.

Of course, we will be glad to help with any machine problems, the business of providing you with the seasonal adjustment method.

We have developed a new series recently on hours and earnings for the total private sector, which you may want to consider. I think one State has developed this, South Dakota. In this connection, Mr. Dorman's people are preparing a statement of the techniques, sources, and so on for the development and projection of such a series.

Another type of series that you may want to consider is the so-called spendable earnings series which is done at the national level, and by some States. In this series, adjustments are made for the deductions for old age survivor's insurance, and income tax. The series is in big demand at the national level, and you might find it so at the State level.

Recently we have started providing users with more detail once a year at the time of the benchmark preparation. We get the finer detail--as fine a detail as we can without violating any of the disclosure regulations--and publish these figures on a once-a-year basis, just the benchmark figure. After a few years, then, you begin to see the trend and the importance of these figures. These detailed figures are useful in projections such as Tomorrow's Manpower Needs.

I believe that's all I have, Mr. Chairman.

W. J. Bowman
Oklahoma Employment Security Commission

About two weeks ago, the Regional Office asked me to speak on the subject of the cooperative employment statistics program. I agreed to do so, but to do so with mixed emotions.

On the one hand, it is one of the most useful and accepted statistical programs on the scene today. On the other hand I always find it difficult to speak to a group of experts about their programs, and I certainly do not consider myself to be an expert in this program, but rather more of a consumer of the data than a producer.

I decided to devote a few minutes to each of three areas: One, a discussion of some of the changes that have taken place in employment by category since the inception of the program; two, to discuss some of the vehicles we in Oklahoma use to disseminate the information to the public; and, three, to mention some things we might consider for the future.

When I started to look at the trend of the changes in employment that occurred over the period from '39 to '68, I was quite surprised to see that total wage and salary employment in the United States had increased 122.6 percent, and that employment in Oklahoma increased by 122.7 percent during this period.

Thereupon, I decided that I must look at the difference in industry detail over the same span, and found that in Oklahoma, for example, our factory (manufacturing) employment went up 184.9 percent from the period '39 to '68 compared with 92 percent for the U. S., and that our finance, insurance, and real estate went up 209 percent compared with 129.6 percent for the United States.

However, I found that employment nationally rose much more rapidly in such areas as government, service, and construction; and that in mining, of course, the employment nationally declined about 26 percent while it was up 8.8 percent in Oklahoma.

I think these things do show at least one or two things. Our economy in Oklahoma appears to be much more youthful as demonstrated by the growth in the primary industries, and the national economy is somewhat more mature.

This is true at least for the period 1939 to '68.

I thought I would examine a more recent period very briefly, and I took the period 1950 to 1968 where I find that, nationally wage and salary employment increased 50.7 percent, while in Oklahoma it increased 52.3 percent.

Manufacturing went up 84.1 percent as compared with 29.5 percent for the Nation. Of course, mining employment dropped 30.6 percent for the Nation, and also declined in Oklahoma by 5.3 percent. But, overall, I found just about the same trend in the '50 to '68 period as in the earlier period.

In addition, I took a look at the proportionate amounts of employment by major industry division and how they changed over the '39-'68 period. In Oklahoma, manufacturing increased from only 16.6 percent of total to 24 percent, while in the Nation, manufacturing declined from 33.6 to 29.0 percent.

In Oklahoma and the Nation, mining declined as an employing category. In Oklahoma, it dropped from 11.5 percent to only 5.6 percent of the total wage and salary employment. And, of course, nationally, it dropped from 2.8 percent to 2.0 percent. Despite the decline, I noticed that mining employment, particularly the oil and gas segments, continued to remain in its historic position, about 14 percent of the national total.

I will move on to my second item: Some of the uses and some of the methods that we use in disseminating information to the public.

Most States have similar uses and similar type publications. But, we have our Labor Market Trends. Here is a copy of one we have for our metropolitan areas. We have a Handbook of Historical Employment Statistics. A few copies are available on the table. We have our monthly statewide publication, where we publish all our data, and more recently we have a new series of Oklahoma economic indicators, where we include the three items programmed in our series: Agricultural Wage; Manpower Index for Manufacturing Production Workers; and Average Work Week for Manufacturing Production Workers.

I have consumed about enough time, but, I want to say that we need to devote more attention in the future to getting more detail characteristics. This is the problem that we are faced with, or at least I seem to be faced with at the State level. People want to know the characteristics of the workers, the characteristics of the unemployed, the characteristics of the potential labor force, and then we need information on parts of areas, cities, and so on. I think that the emphasis should be placed on developing better techniques in these areas. A consideration should be given to training courses, more in-department training courses for new employees that are coming into the cooperative system. Give them a full background into all of the ramifications, all of the elements involved in the program, both from the statistical and economic standpoint.

THE CHAIRMAN: Thank you, Mr. Bowman, for bringing me up to date.

I think both of the speakers have raised a number of issues.

Who wants to comment on the first issue?

Well, if no one has a question, I might start off with one, addressed to Owen.

Owen mentioned the spendable earnings series and urged all of the States to publish their own figures in this connection.

I was just wondering, I don't know why this couldn't be done from the Washington office, since all the figures are available, and why, secondly, the national series on spendable earnings couldn't take into account some of the State income taxes which are deducted from workers' pay checks, and some of the amounts which are deducted for such things as disability insurance. I have some easy questions to Mr. Delap.

MR. DELAP: We could do that at the Washington level, but then on a customary basis, we have never done much in the way of coming up with State statistics, and I don't know if we want to start that or not, although it could be done. You could make the adjustments for State income taxes, too, at the same time, but it seems to us that this is something that a State should do. And, they would do a better job, I would guess, than the government.

THE CHAIRMAN: We have been doing this in California.

This has been done for San Francisco and Los Angeles for a period of time. We do find that it is not too difficult an exercise, and one which is of considerable value, at least judging from the demand you get for this sort of thing.

I would also like to pursue the other point a little further, whether we should, at the national level, take into consideration the fact that city income tax and State income taxes are becoming increasingly important and incorportated into the national average, some reflection of the fact that a national average spendable earning ought to include something for State taxes.

We might ask the Chief Statistician for his views.

LEON GREENBERG: I was hoping you were going to ask the head of Manpower Employment, but I will venture an answer. If we did this on the national level, we would have some very serious problems of establishing comparability of States. For example, what do you do, when one State takes most of its taxes in the form of income tax, and the other in the form of property tax, and another in the form of sales tax? Then, how do you reconcile real spendable income among the States, if we do it at the national level? We would have to face up to the problem some way. If the State does it, it deducts whatever taxes it thinks are appropriate to the State.

THE CHAIRMAN: Doesn't this arise if you have all the States producing their own estimates when you start comparing them across State lines?

I think the point that Leon made still has validity.

A VOICE: It is a useful series in measuring changes within the State in real spendable earnings.

It is not a useful series in measuring differences from State to State because of the point about the differences in the sort of taxes.

THE CHAIRMAN: Does someone have a question on that subject?

A VOICE: What happens in terms of the comparison between the State and the national average if you are making local adjustments in the State and not making any adjustments on the national level? Does comparison have any meaning? Or, do you have to have a series--a double series?

A VOICE: I was suggesting, the comparison has meaning for the State in showing trends over time within the State. But, of course, if you get into the tax business, you can't compare a level in the State to the national level.

A VOICE: I want to make a comment on that.

I would like to disagree with you. I don't think on a statewide level it is worthwhile. It should be done on an area level, because many areas within the State are quite different.

For instance, right here in New York State, in the New York City urban area, you have a city income tax, plus a city sales tax, which is higher than any other area in the State. Upstate you have all your State income tax, period, without the city income tax. How can you compare upstate with downstate?

A VOICE: I would like to make one comment on that.

As I get the concept of net spendable earnings, it does not include sales taxes and property taxes and what have you. It simply includes the question as to how much comes out of your paycheck, and what's left. The property taxes don't come out of our paychecks.

Of course, it is part of our cost of living, and that's another question. But, in any case, the net spendable earnings concept simply means if you start with a hundred dollars in gross pay, what do you end up with? You end up with income tax deducted, the Federal income tax, State and city, if it exists, social security comes off, and by and large that's it. There may be other deductions which are optional, but these are the major deductions.

I might mention this, that the exercise is extremely worthwhile. In New York we used, as a proxy for this fancy average, wage in insured employment, which is a fairly easy thing to gear in New York. In New York, it includes pretty nearly everyone in the private sector except some non-profit, and if you don't worry about that, you come up with a pretty good average wage figure.

If you took these average wages, we found between '66 and '68, if you looked at the gross figures, you had a very nice big whopping increase. If you adjusted those gross figures just for income tax and the change in the cost of living over that two-year period, you found that the whole whopping increase has disappeared. I think the same thing pretty much happens nationally.

The other point I would like to raise is this: We have the problem, of course, that in New York City, there is a city sales tax, and in the rest of the State, there isn't. So, we did a little juggling: We prorated the New York City tax to the rest of the State on a pro rata basis based on employment. What effect would this have on the State earnings? It turned out to be peanuts, something like 6 cents, and for 6 cents, considering the level of earnings, it didn't matter that much. And, we ended up not bothering.

So that, frankly, you got a fairly simple concept which can prove a fairly simple point, and not too difficult to do. You could adjust for other things, of course, if you wanted to.

THE CHAIRMAN: I might make the observation, if all you are interested in is trend, if you convert wherever possible, then some of this difficulty disappears, because the consumer price index would show the change in property tax and sales tax. But, I would like to spend a little time on the question of central city data.

How many of you here are interested in central city data?

A VOICE: The plans of action that the States are engaged in require a much greater amount of data about the central cities than is now available, and this is one thing I want to find out: How we get this type of data?

A VOICE: I would like Mr. Delap to enlarge a little on the proposal that there will be some money available to break down the UI establishment reports by central city.

We have a proposal on board to experiment with breaking down by address, so that through some sort of area coding miracle we might be able to come up with block facing or neighborhood or census tracks or something like that.

MR. DELAP: I don't know all the details of the kind of problems you might run into on this. It is a big problem to do coding properly.

Primarily, this is when you are dealing with stores and organized establishments generally. I think there has been a lot of work done in some cities on this. I believe there's been some work done in Chicago.

Do we have someone here who would like to talk on that?

A VOICE: We have done this with the UI data for Indianapolis on two occasions in 1960, and again in 1967, and for a couple of other areas on one occasion. And, it is a lot of work. I mean, the main problem, of course, is to allocate employment in an establishment, say, like filling stations operations or supermarkets, and stores that have a number of establishments within the city or within the county. We are doing it by census tracts, and making a combination.

A VOICE: Can someone from California comment on the Bay area transport system where they did it for public roads?

A VOICE: We have done some work along these lines. We have attempted to get some kind of inner-city breakdown by using zip codes.

Zip codes are available in the address file of the UI agency pretty much, and you can do things with zip codes that is a whole lot easier to do than attempting to do this block face business.

The device of zip code, of course, runs into the problem that Owen mentioned, where frequently the address you have does not match the location of the establishment. Some people in the UI agency have the address of an accountant rather than the address of the establishment. That makes for real good fun.

But, by and large, we have run New York City by zip code twice for our Port Authority, who was hipped on this subject, and they have done some good work with it, like very nice computer mapping, and all this sort of stuff. They are happy with it. I am not. But they are.

But this, as a potential, probably should not be overlooked. It is a lot easier to do than geo-code. It does have some of the same problems.

A VOICE: Hasn't some work been done on this in Atlanta?

A VOICE: There has been considerable exploration by the Georgia agency to follow Abe Berman's approach by using postal zip codes.

One of the problems that we came up with immediately was the heavy instance of firms using post office boxes. These are all centralized in either the central post office or sub-stations.

A VOICE: Mr. Chairman, could I ask what you do on the zip code approach with a supermarket that might have a half a dozen different locations within the city in different zip code areas?

A VOICE: That is one of the faults with what has been done. We have a committee that is supposed to look into all this. But, again, you hit the nice little problem of money. The question is where do you get all these demands? You have many demands come to my office and other offices of the Department for employment data for the southern part of Staten Island, or for East Harlem or the other parts of the city; and if somebody had a nice big grant from usually a poverty agency for studying an area, and, if only a very small part of that money had been consolidated, it would be probably fairly easy, using the UI records to get the breakdown of your supermarkets, et cetera.

We did this in 1958 for the city planning division, who wanted data on the central city. It was a fair-sized job of getting a breakdown in terms of the actual location of smog and so on. But, it can be done with money.

A VOICE: Of course, the major problem you get in any of this coding business is the problem that Owen mentioned of identifying individual firms. This becomes more and more of a problem the more breakdown you get. And, of course, it militates greatly against making this stuff generally available.

THE CHAIRMAN: I hate to break this discussion off, but I promised equal time to the other subjects.

I know that Owen and Bowman have raised enough questions. I hope you will get together during some of these recreational hours and discuss some of these subjects, and I know Abe is available for consultation at any time for a fee.

The next subject is Tomorrow's Manpower Needs, and here I can remember a biblical quotation to carry on the spirit of this conference. I think it was St. Paul who said, "Do not hesitate to prophesize."

Richard E. Dempsey
Bureau of Labor Statistics
U.S. Department of Labor

As to State-Federal cooperative programs, I think that Tomorrow's Manpower Needs will be somewhat unique, because most of the fill-in information and data are from the State areas. However, we hope to provide some information and data to the States and areas from the national office.

Over the last year or two, when any of us from the national office have talked about Tomorrow's Manpower Needs, our discussions were based on the premise that the publication would be out in several months, and the first thing I would like to do is show you that it actually did get published. We have three-fourths of the set. One volume is in transit from the GPO, and we should have that soon.

I would like to describe what is in this publication. I am going to start at the end. Volume IV is a compendium of manpower projections at the national level. It includes a discussion of the methods and assumptions that our projections are based on. This is followed by projections of wage and salary workers for approximately 200 industries at the national level.

In addition to the wage and salary projections of industry employment based on a census classification that includes in each of the industries, the self-employed workers, the unpaid family workers, and government workers who are engaged in industry-type activities. This list includes about 120 industries.

This matrix is reversed to show the distribution of occupational employment by industry.

In addition to that, we have collapsed it in order to match it with area census data for industries by occupation. We have change factors if an area wishes to develop its own matrix, and we can apply these change factors to project this matrix into 1975.

In addition to the data which are included in Volume IV, for analysis we also include background information on the industry and occupational projections.

These are contained in Volume II, which is now out, and Volume III.

Volume II includes a discussion of the industry employment trends, and the economic and demographic and technological and other factors that influence the projections. Included with this discussion on each of the industries is a discussion of the expected changes in the occupational structure of those industries, and the factors that are expected to influence these changes.

Now, Volume I is what we call a how-to-do-it volume. This volume presents methods by which the data of Volume IV can be used as a tool in projecting State or area occupational employment. These methods are based on two basic premises. One would be that the State and area projections can best be made in the general framework and context of national, economic, and social changes. The second premise would be that local projections, State and area projections, can best, in the final sense, be made by local and area personnel who have knowledge of the labor market and the changes that occur in their States. Included in Volume I, also, are two other facets. One is a discussion of how to appraise replacement requirements, and includes in it a complete set of death and retirement rates by occupation. These are national death and retirement rates, but we feel they are generally applicable to most States and areas. The other facet is a discussion of how to appraise supply by occupation. Of course, this is the other side of the manpower coin. Once you estimate requirements, you have to match this with supply.

Now, I will talk a little bit about where we are going from here, at least as we see it.

To begin with, the Bureau, once it has suggested that States and areas use the national data for making a projection, is required to keep the projection current, and to continue making more of them in the years to come. We are doing this now. We are working with a 1980 industry projection and we are working on 1980 matrixes.

In addition to this, we have developed a 1965 matrix, and within a few weeks should have a 1967 matrix.

In addition to providing national data, both the national office and the regional office will be available for technical assistance in using the techniques that are in Tomorrow's Manpower Needs.

We are also exploring, and tentatively have reached a conclusion that the Bureau can provide to interested parties assistance on data processing needs for using the techniques that are in Tomorrow's Manpower Needs.

This will involve the regression program for projecting industry employment and the application of the national matrix to these industry projections to develop occupation requirements. This system, of course, requires States to provide all the basic data inputs; the Bureau will act simply as the processor.

Of course, we haven't had as much experience as some of the others have had in using these methods, and we understand that they don't solve all the problems. In many cases they raise some that we aren't expecting.

We know that there are probably a half-dozen major problems that aren't solved yet. One of these would be the tracing of the supply. There's very little information available on supply.

Another would be the longstanding gap in our manpower, switching from one occupation to another.

A third, which is more applicable to the States and areas, is the prolem--because of regional mobility--of what areas and what regions occupation projections ought to be made for. For example when discussing an area such as Appalachia, should they be training for Cleveland or Washington labor markets, or only for those requirements that stem directly from Appalachia? We will get the solutions to these problems as the national office and the States get more experience in applying techniques and more of their resources to researching these particular needs.

I think that is where the key to the problem lies, in simply getting these problems isolated and applying our research to them.

THE CHAIRMAN: Lest you think we are overweighting the program by having two State people and only one Federal person at this particular session, I might point out that Abe Berman is here in two capacities. First as one of the authors of Tomorrow's Manpower Needs. He is the authority on the chapter, How National Manpower Information Is Used to Develop the Manpower Projections for States and Areas, and second as the author of a separate publication called Manpower Directions in New York State.

Abe, do you want to talk from there?

Abraham J. Berman
Division of Research and Statistics
New York Department of Labor

Let me try from here. Nobody has ever accused me of having a low voice.

In fact, one of the things I have always prided myself on in my teaching experience is that nobody ever fell asleep on me.

In any case, I recently was examined for the New York City Civil Service Commission at a Principal Statistician Examination. After a hard day, we came to the eighth and last candidate, and the last question on the examination. This question involved the need for occupational projections in connection with a comprehensive high school program that New York City is considering for adoption. We asked the question. This candidate politely replied that he didn't believe in manpower projections.

When we indicated that his job could depend upon his making them, he replied that if he had to make them, he would quit. Since he had the job provisionally and had to pass the exam, I didn't know what game he was playing; anyway, upon further questioning, it turned out that his career plans had been changed by occupational projections.

In 1951, the BLS Occupational Handbook experts believed that there would be a large decline in the demand for engineers because of the influx of World War II veterans into this profession. Of course, the Korean War came along just about then, and knocked this prediction into a cocked hat.

But, this person happened to be one of those entering college at that time, and he had been dissuaded by his guidance counselor, who avidly read the Handbook, upon going into the engineering field. And, for very obvious reasons, he was against projections. This is the one major mistake that BLS has made in their projections, and I, for one, never thought that I would personally come face to face with the living proof of the results of this error.

However, a projector isn't worth his salt if he doesn't stick his neck out, and once in awhile gets it chopped off.

We in New York have also made our share of mistakes in making our projections, and in particular those that we made in 1958 and 1959, and which we published in a book called Jobs, '56-'70. After this was published, I made a number of public speeches in which I stated that the proof of the validity of our projection process was that it was based on projections of the population 14 years of age and over, since all such persons in 1970 were already born in 1957, which was our takeoff year. This was a fairly simple thing to project. This statement was made before the results of the 1960 census were known, and when these results became known, it turned out that the population was the element in our whole projection process that was most incorrect.

Of course, I could blame the demography and the Census Bureau for my mistake, since I used their State projections as my framework. But, as a good projector, I will take the rap myself.

Another mistake was in the projections we made for the State's apparel industry. This one is interesting. Using employment in New York as a percent of national employment and regressing this data over time, we found that there was a 5 percent decline per year. Contrary to our friend in Oklahoma, when he projects manufacturing employment, he has a relatively easy time. By using the usual regression techniques, it is pretty easy to project increases. When you get to project decreases, you have a little more of a problem.

We conjecture that this rate of decline could not continue indefinitely into the future, because in 20 years or so there would be no more apparel industry in New York, and hence we projected to 1965 on the basis of half this rate of decline.

When the 1965 data finally became available, we checked our projection and found, much to our chagrin, that if we had used the original regression line without adjustment, we would have hit the 1965 figure right on the nose. Hindsight, of course. But, you learn from mistakes, and also learn that the best set of projections have to be continuously updated and corrected as new data on changed economic conditions appear.

In spite of these misfortunes, we bravely went ahead and have now produced for 1960, '65, '70, and '75, a new set of much more detailed projections.

Our takeoff year was 1965, and we produced for those 4 years a consistent set of labor force, nonagricultural employment, and total job by industry and by occupation.

We also projected total job demand, deaths and retirements. We did this not only for the State, but for each of 10 industrial areas.

Since I don't have much time, I will not bore you with the technical details as to how these projections were made. The method is spelled out in gory detail in our technical appendix which can be obtained free of charge from us.

I would like to take a few minutes to point out to you the unique features of our techniques. We used a jigsaw puzzle approach, in which all the pieces had to mesh. The fitting mechanism was addition. The sum of the data for the 10 areas, one of which was the nonmetropolitan remainder of the State, had to add to the State totals in each cell. This involved single, double, and triple pro rata techniques. Because the original estimates on projections were made independently, (we adjusted by estimates for unemployment, dual job holdings, and for those with a job not at work and not on a payroll, as well as for net computation), labor force totals had to add up to the independently estimated total number of jobs for each area.

Because more data were usually available for occupational groups, these generally were estimated first, and adjusted first, and then the detailed occupation data were forced within the framework of occupation totals. This involved a great deal of work, but at least it came out with what we consider an arithmetically correct set of projections.

I would just like to mention a few of the projections that we made for the State only, which also may be unique. When we finished our basic work, we had estimates of total job demand by occupation for the 1965, '75, period. This consisted not only of the expected expansion or contraction in each of the 160 occupations mentioned by Mr. Dempsey, but also the number of deaths and retirements. In aggregate, these deaths and retirements were about twice as large in New York as the total expansion. Again, it is extremely important to do this in terms of occupations projections. How can these jobs be filled?

First, of course, by new entries. That is, by persons not in the 1965 labor force, who will be in the 1975 labor force.

Second, by net occupational mobility, that is, by persons in the 1965 labor force who shifted jobs during the decade, and lastly by net regional mobility. We managed with great difficulty, and anybody who has tried this should be aware of the difficulty, to secure estimates for each of these factors by occupational group. Incidentally, we developed some techniques for doing this which may be of interest to some of you. Details are spelled out in the technical appendix. By doing this, we obtained a broad picture of labor supply and demand. We then took the new entries portion, and estimated their educational attainment on a supply basis by age and section, and on a demand basis by occupation group.

Some interesting results came out of these analyses which are spelled out both in our Volume I and in the technical appendix.

Another part of the estimating process was to determine the degree of skill needed for the jobs of the future. For this, we utilized the new Dictionary of Occupational Titles, GED and SVP characterization of jobs.

By having SVP 5 as a dividing line, we determined that there still will be plenty of low-level jobs (and this was something to be proved during the decade), although, higher-level jobs will increase somewhat faster.

We also, estimated supply and demand for part-time jobs because one of the problems we foresaw was with the big estimated increase in the number of youth in the labor force, and the big estimated increase in the number of working women. We thought there might be some problems in part-time work. That came out pretty good. We also estimated supply and demand for women separately, with some attempt to estimate supply and demand by ethnic group, but this brought other problems.

However, our new estimates came out, and we are roughly two years past the last set of data that we used in making these projections. For one thing, we seemed to have underestimated the growth of the important New York City brokerage industry. The flood of paper work has resulted in an increase of roughly 20,000 workers, a 25 percent increase in this industry between 1967 and 1968.

Anybody in their right mind who could have anticipated this, would probably make a fortune on the stock market. This was one industry in which computers, according to BLS and others, were supposed to have kept down the expected employment rise in spite of the increased volume. It still may happen in the long run, if the Rand Corporation, who are now attempting to do something in this field, come up with something unique.

We have, incidentally, made two interesting studies on the effects of the unskilled requirements of the computer, and of automation, which I can highly recommend. Copies of both of these publications are on the exhibit table.

Another event which we did not anticipate--this should be a lesson to all projectors--was that the contemplated building of a new $600,000,000 State campus for the University of Buffalo in Amherst, will mean the creation of a new city and the probable doubling of construction employment in the Buffalo area. The above are the two major events which seemed at the moment to have thrown our projections off.

However, in the main, our projections for the purposes intended, and within their general framework and their assumptions, hold up fairly well and serve their main purpose fairly well.

The main purpose is an attempt to guide our young people into their proper job niche. It will remain for the 1970 census results to prove or disprove the validity of other parts of our projections. However, we hope at that time to launch a major effort to redo and revise the whole series of projections.

THE CHAIRMAN: Thank you, Abe, for a description of a most impressive piece of work.

To hear from another State, Mr. Richey of South Carolina.

W. Bryan Richey
South Carolina Employment Security Commission

I am inclined to agree with Mr. Berman, once you get into this work, you seem to be trapped. There's no way out.

If I had to choose one word to characterize our economy over the last four years, it would be "change." This is especially true in practically all of the southern States.

I should like to outline briefly this whole cycle of change as I see it from the point of view of the labor analyst and its affect on manpower, some of the areas of change, the forces responsible for it, and perhaps some of the consequences.

Finally, I hope to tie this very briefly into the occupational work that we have been doing over the last several months, that is, why they were made, how they were used, some of the projections, techniques, and perhaps one or two of the problems we encountered.

First, we should review a few very recent developments which have influenced manpower and contrary to popular belief, perhaps, we can learn something from history. We live in a period of change so rapid and so complex that oftentimes, I believe, we are unable to fully comprehend it in all its implications. In a very broad sense, these changes are centered on communications, research and development, technology, education, skills, the role of government in international affairs and civil rights, to mention only the more obvious. We would be naive to assume that these social, political, economic, and transportation changes would take place without having a tremendous impact on manpower.

For example, our nation is spending billions of dollars each year on research and development. How much of it goes for work in space and defense? Its spinoff is technology, and in general, in this sense, research and development creates obsolescence in the materials we use, even the methods we employ--the techniques we use and certainly the products we produce.

The technological revolution appears to be a natural consequence of research and development. Automation and computers are only its most obvious manifestations. These are new facets of modern technology, and probably are only at the beginning stages of development. They have already invaded banks, insurance companies, our colleges, and our universities, government, and business in general; and I believe all of you would agree if we were to continue to grow and prosper, that this is as it should be.

Ponder this question, if you please, how far can a man travel in a single hour?

In the beginning, he would travel only as far as he could walk, say three or four miles. With the coming of the horse, he could perhaps triple that. With the invention of the steam-powered locomotive, a bare century and a half ago, he would make up to 70 or 80 miles an hour. More recently, with an airplane, 1500 or more. But today, with man's space vehicles, he can zoom beyond 15,000 miles in the same hour. We had better not believe that this pace is going to slow down as technology and science hurtle us on to the fantastic world of nuclear energy.

If I have a point to make, it is this. When we would represent the joint Federal-State security system planning for the 1960 period, man had not strode in outer space, nor had he enjoyed instant worldwide communication by way of Tele-Star. If we progressed that far in just 10 years, imagine, if you possible can, where we will be by 1980. This is why our manpower thinking and planning for the 1970's must be in a different frame of reference than a decade ago, or in keeping with our national policy of maximum development and utilization.

Planning and programming to improve the quality of labor, it seems to me, are major manpower challenges. Mr. Dempsey has already indicated a moment ago the definition of the industry-occupational matrix. We use this approach. We have determined that the employment security system, and I believe you would all agree, cannot operate in a vacuum of information concerning the economy of the people. Right now there is a growing demand, particularly within our own ranks, for the shape of the manpower future, and we simply do not know the answers to many of the questions.

The people from the Department of Vocational Training are camping on our doorsteps for information we simply don't have. This is why we have the deepening involvement of government, private industry, and trade unions in manpower. It is imperative that some effort be made within the various limits to identify our manpower problems in advance of their occurrence, and thereby provide some sort of guides for developing and implementing the needed public and private programs in the field of education and training. This presumes a need for continuous in-depth assessments of the job market, and definitely the forces affecting it. The job market is dynamic in every sense of the word. In the final analysis, this is the only way that planners involved in developing education and training facilities, establishing curricula at all, as well as those persons engaged in the vocational guidance and counseling field, can prepare today to meet tomorrow's needs.

From the point of view of the States, I believe the two most significant contributions from the BLS work and the work that is presently being done by the Manpower Administration would be the industry occupational matrix, which gives us a starting point, and the guidelines for use by State agencies in developing long-range occupational forecasts, patterned after the national study projections of South Carolina. Manpower requirements and resources have been made to 1975, along with a great deal of information on technological trends in major industries, and the probable effects of these changes in employment. How well the projections will hold up remains to be seen. We prepared all of the projections within the framework of a set of very broad economic assumptions that I think will suffice.

I believe I should make one point clear here: States that do not have at least one first-rate analyst with full-time clerical assistance to do this job and access to a computer with at least a taped input, definitely should not undertake it. Believe me, there are some States that don't have all of these resources.

South Carolina, as most of the southern States, experienced some very impressive growth between 1961 and 1966. Therefore, from each of our recent experiences, to compensate for this, we felt it was imperative to go back at least to 1957 to establish a reasonable base for the projections. We chose a period, 1957-'67, but definitely paid a heavy price for adding that first year. Much of the detail needed for this work was not available on a comparable basis prior to 1958, because of the change in the industrial classification structure. So, it was necessary to go back and reconstruct many of the series to make them comparable and in agreement with the matrix. For those of you who have not delved deeply into this matrix, it is at least desirable to match the detail in every respect when you use it. The occupational projections were made in two states. First, projections on detailed industry and employment levels were made for the year 1975.

In the national industry occupational matrix, the projections were used to develop occupational distributions. Within the framework of the assumptions underlying the study, a number of limited factors had to be considered. These are the availability of technical staff, volume and precision of the estimates, and computer capabilities and availability. All of these will vary from State to State. So, the decisions must be made locally.

We experimented a lot with regression models and different data input before selecting those most suitable for our particular needs. And, I think, this is very important. There is no way to say that what might be good for one State may not be good for another. One of the approaches that we used includes adjustments for auto-correlation. We were doing all of this by hand and found that the adjustments for auto-correlation were simply too time-consuming.

Considering the fact that the whole process of forecasting labor demands is imperfect, to say the least, this seemed like straining at gnats while swallowing the proverbial camel. I would say this: Given the resources, I would go to great lengths to make these projections just as sophisticated as possible. We used a monthly observation for some of the data input, but the end result definitely didn't appear to justify the need for this much detail.

So, annual averages would definitely work for any regression model. I should point out that when the matrix is used, it is desirable or it is essential in this particular case to make the industry employment estimates consistent with the total employment concept on which the matrix is based. This means that the wage and salary employment must be adjusted for government and for other classes of workers such as the agricultural, self-employed, and unpaid family member. Other refinements, as pointed out by Mr. Berman, would be the adjustments for doing job-holding and absenteeism.

We divided the government sector into the following categories: The Federal, which presented no problem, inasmuch as it was all classified and covered in historical data that we had available; and the State and local sectors, which we divided it into the State school and the local non-school and prepared separate projections using all three of the regression models that we used for all of the industries in the State. In addition, we contacted the State Department of Education, the State Highway Department, and other agencies to take advantage of existing knowledge in those areas.

I did some work in the Department of Education to project local school employment based on student enrollment. In addition, the planners in the Highway Department provided a great deal of information with regard to the future of interstate highway systems and other information on the merging urban transportation system which seemed to be getting a lot of attention these days. All of this was necessary, and I believe helpful, in completing our projections with respect to agriculture. We contacted the top reporting service and were able to secure separate projections of farm employment based on the number of farms and number of hired workers per farm. At the same time, we made our own forecast, and the ranges were very close, and this was certainly encouraging.

I think, if my memory serves me, we decided on something in between the two series. When you get to the stage of the occupational projections, they are largely mechanical. The key to the whole process lies in the industry forecasts, and here is where you should really place the emphasis with regard to doing everything possible to make them as accurate as possible.

We did some field work in addition to the soul-searching to validate some of the forecasts. We contacted licensing agencies, professional organizations, and simply reviewed the forecasts with these people to get some sort of idea as to whether or not they appeared to be in line.

One point on supply, and I will close. There are a number of ways to forecast manpower supply. We don't seem to know a great deal about this area, but the selection of the techniques seems to depend on the availability of technical staff, the desired precision, and the time and resources available for the work. We have already determined that we cannot be anywhere near as ambitious with regard to supply as with demand, so the technique we selected was fast and extensive and very simple. It involved a comparison of the annual number of newcomers in an occupation in some past period with the projected required needs in some future period. In this sense they definitely are not measures of total supply, but rather provide only an indication of the amount of training that may be needed to supply the demand in a given occupation. In effect, it is just a crude measure to determine whether or not the output from existing facilities in the economy based on past performance is adequate or inadequate.

At present we are working on the supply sector, and perhaps this would be a good place for me to stop.

A VOICE: I would like to add a couple of things to what has already been said. One, that as far as we have been able to find out, between 15 and 20 States are now working on projections of their manpower requirements, using the methods described by Dick Dempsey, Abe Berman, and Richey.

Second, a very important element of the job that States have to do in these projections is to put the projections into the language used by the vocational authorities, because one major thing in making these projections is to meet the obligations of the State employment agencies under the Vocational Education Act of 1968, and provide the requirements to the educational people so they can incorporate them into their plans. They don't use occupational data in their planning. They think in terms of the vocational curricula, and the projections you make in employment manpower needs by occupations have to be translated into vocational educational curricula.

This can now be done on the basis of work that has gone on between the Office of Education and the folks who work on the dictionary of occupational titling, and the manpower registration. The Office of Education is about to issue a guidebook on how you can translate DOT into educational curricula or vice versa.

On the basis of the work done on this guidebook, the BLS has translated the projections of manpower requirements in some 240 important occupations into vocational education terminology. And, they are about to send these out to State agencies who are regional offices and vocational education people. These are projections at the national level.

But, the same job has to be done, and now can be done, on a State and local level.

THE CHAIRMAN: We will now move on to the final section of the program, Job Opportunity Statistics.

To lead off, we have a man who could equally well have been placed in any of the sections. He is a bulwark of the current employment statistical program. He is an authority in the area of Tomorrow's Manpower Needs, being one of the men who knows most about the motel industry in the Carolinas.

We have him here to lead off the panel on Job Opportunity Statistics.

Robert O. Dorman
Bureau of Labor Statistics
U.S. Department of Labor

I suppose everyone here is familiar with the term "job vacancies" or "job opportunities." During the past decade or more, it has been generally recognized that a big gap exists in the field of labor statistics. Much experimentation has been going on to fill this gap. Our friends, at what was formerly known as the BES, conducted a number of area surveys at different times, and BLS has also conducted several. The line that BLS had been pursuing, which ultimately became the program, was to marry the collection of job vacancy statistics to the ongoing labor turnover statistical program. We ran tests in two areas, Phoenix, Arizona, and Oklahoma City.

Our thought was that the labor turnover data were ordinarily provided by personnel departments. These would also be the people who would provide the information on job vacancies, ergo, the combination seemed to be a reasonable one.

In testing the survey out in these areas, we found that the response was indeed good, and that it did go to the right people.

Late last summer, after innumerable meetings and discussions, a program was finally hammered out within the department primarily; in part, the people from Manpower Administration, including the U.S.T.E.S., and the BLS people. We adopted a program which called for a national sample in the manufacturing and mining industries on a labor turnover program consisting of nearly 40,000 monthly reports. We said we would convert the schedule that was used to collect labor turnover actions, to include the reporting of job vacancy data. We had three items: The current vacancies as of the last business day of the month; within that number--vacancies that had been vacant for one month or more; and an item for future vacancies that weren't being currently recruited for.

The program was planned to go into effect last January 1969, and it did.

We started collecting data in the manufacturing industries across the board. The program also involved building up an area program. Twenty-six SMAS's were selected, mostly very large one, in which the State agencies were to command the samples, or the new program which in the Washington manner became known as JOLT, Job Operation Labor Turnover Statistics.

In these 26 areas, the sample then was to be expanded to encompass all nonagricultural industries. In 17 of these areas, which we call A areas, the survey was, in addition to the monthly collection of aggregate figures, to collect a quarterly supplement in which the employer would give all the vacancies by occupation. The State agencies would then convert these into DOT codes. The first such collection is now under way.

The schedules were mailed out as of the end of May. So, we have no particular information at this time in Washington as to how well that is going. Perhaps some of the State people will have some information.

In the other nine areas of the 26, the same program was to be followed, but with no occupational collection. We called the 9 areas, B areas. A third group of 24 areas we called C areas. These were to develop the monthly statistics for manufacturing and mining industries only.

Gradually, of course, we hope the program will be expanded and provide good nationwide data. In a sense, the program is still in its beginning stage. As you folks from the State agency know, allocations weren't supposed to be made until March, I believe, although some of you heroically went ahead anyway in one way or another.

We hope that the program will develop to be another one of our pillars in the ediface of labor statistics, and so far the indications are good, that it will. The occupational material is, of course, new. There are many problems, because, as you know, there are difficulties in equating DOT titles to census categories. I understand, though, that there is a committee of the Budget Bureau working on some method whereby the two can be compared.

So, hopefully, by the time these data begin to flow in, we will have some way to relate the two. That, in brief, is the program as it is operating today, and I would like to hear more from the State people on how it is operating, since it is in the beginning stage, and we are also looking for information on how well it is going.

THE CHAIRMAN: Our next speaker has in a sense already been introduced, but I want to say that we all know that the process of occupational choice is one of the things we understand very little about. He has been a tower of strength to us, and certainly the dean of research and analysis in the Pacific region.

R. L. Maxey
Division of Research and Statistics
Arizona Employment Security Commission

I'll make it short.

I don't know whether I can add anything after all the other good speakers have covered the topics so well, expecially Mr. Dorman.

Just a few comments concerning our area. Phoenix is a metropolitan area, growing quite rapidly, with some 300,000 wage and salaried employees. Manufacturing, principally the electronics industry, provides 25 percent of the employment. Four out of every ten wage earners are engaged in the job opening programs which were initiated in the fourth quarter of '67. Since then, the total employment in Phoenix has increased by 13 percent, a third of which is in manufacturing. Unemployment has remained at a low level during the past 18 months, consistently below the national average, declining from 3.9 percent in October, 1967, to a low of 2.5 percent in March of this year.

This is the atmosphere that we started the program in. The initial experimental survey was started in September. We solicited 1300 firms, all active reporters in the BES 790 or in the labor turnover survey. They supplied approximately two-thirds of the reported usable data, and included about 40 percent of the total estimated employment.

At present, our sampling represents 45 percent of the total employment. Generally speaking, employer response and participation has been encouraging but some employers absolutely refuse to cooperate. It is a new program.

Typical comments are: Not another report? Or, we don't have the time. We heard this morning from the gentleman from the Ford Company commenting upon the fact that funds for filing our report were not budgeted.

Surprisingly enough, rarely are we asked if our report is required by law. We have personal contact with the major firms vital to the success of this program. Our analysts have called up personnel managers and most of our more prominent firms do discuss the objectives and the possible uses of the data.

Personal comments allow me to pass along a few final comments. Several employers in our area have commented on records requested by the OEO to the detriment of their program. Many large employers are reluctant to release personal information for fear of exposing themselves to civil rights action.

Thus, a credibility gap exists as to the confidential nature of the employers' reports. And this is where our personal contacts have been most effective. These contacts have allayed the fears, real or imaginary, of the employers. And we did this by putting together a small booklet that shows the employer the manner in which the data are to be used.

Again, I will try to answer any questions that I can, provided the Chairman will let me.

THE CHAIRMAN: Thank you, Ray.

You can answer any questions, and I am sure there will be a great demand for your hard-core statistics.

Our final speaker here is a representative of our Federal partner in the Federal-State Manpower Statistical Program. Mr. Harry Barletta will be the speaker representing the United States Training and Employment Service.

Harold A. Barletta
Manpower Administration
U.S. Department of Labor
New York, New York

I think that cooperation is one of the key words in the title of the session, and our cooperation in the past, the Manpower Administration's has been with the State agencies.

As Harold has often mentioned, we have 52 workshops throughout the country, and these workshops are staffed with extremely competent technicians who in many cases have long since been making occupational projections, have been estimating job operations, and so forth. These are the people to whom we are really looking to carry the programs out, getting right down to the brunt of it. You will find that some fellow sitting in a district office, a labor market analyst, may have been doing these projections to provide plans and surface information, and that sort of thing.

He is also familiar with the character of the area specifically, what blocks have been bulldozed, what new companies have come in, what companies have gone out. These are the nitty-gritty items that make up the data that we can project in a general fashion.

Now, in the cooperative Federal-State JOLT program, the Manpower Administration is taking a more active role than it has in the Cooperative Employment Statistics Program. We have, as you know, regional representatives who will be visiting with State agencies, and have the responsibility in this program as well as the BLS.

We bow to BLS, of course, in terms of the technical aspects of the program, and work very closely with them. As far as the utilization of the data is concerned, we believe that we have a special concern in that area, and that an equally important purpose of this program is the operational use of it in the job market.

Now, briefly, let me give you five of the purposes that these data can be used for by the State employment services.

First, estimated job vacancies aggregate figures should be used to assist in planning an evaluation of occupational training programs, needed to implement such legislation as the Manpower Training Act, Vacancy Training Act, and the Educational Opportunity Act.

In this regard, particular attention should be directed to vocations which employers themselves are having difficulty in filling. These are the vocations that have been open for a month or more. Second, aggregate job data should be connected with the local employment by occupation to determine whether persistent unemployment is related to demand, supply, and balances in employment or other fringes in the labor market such as discrimination, unrealistic hiring standards, or worker expectations or inefficiency in the employment process itself. Third, aggregate job vocation data should be compared with local employment statistics to penetration achieved by the employment service in terms of the proportion and the type of jobs which are on file with the employment office as job openings.

Fourth, aggregate vocation data should become of increasing value in identifying the local occupational shortage in developing the basic information needed for counseling in the vocation, and in permitting a more comprehensive analysis of local job market conditions.

And, last, aggregate vocational data should also be useful in the preparation of manpower projections, not only in providing clues as to which occupations should be studied, but in serving to update and perhaps modify previous manpower projections.

In this regard, I might mention that the Manpower Administration has recently sent out to the States a draft handbook similar to the draft handbook I believe Mr. Dempsey mentioned, and involving the use of operational data to make projections, at least for the time being.

We are concerned, of course, with the utilization of the matrix in projections, and that it will come out shortly with a memo indicating that the national office of the Manpower Administration will provide computer facilities to States for processing data under the matrix approach.

THE CHAIRMAN: I want to congratulate you, right on the button. We have exactly five minutes left. Does someone have a question?

A VOICE: On the occupational matrix, I didn't get my mouth open, so I wonder if I could have one minute to make a statement that the State of Utah and some small States are experimenting with the system using the DOT codes, and the SIC industry approach for occupational matrix work.

THE EARLY HISTORY OF LABOR STATISTICS IN THE UNITED STATES

Wendell D. Macdonald, Regional Director
Bureau of Labor Statistics
U.S. Department of Labor

The year 1969 marks the centennial of three great American institutions --organized baseball, transcontinental rail travel, and labor statistics. Exactly 100 years ago the Cincinnati Red Stockings began baseball in the form which has descended to modern times. In May of that same post-bellum year, the Union Pacific and the Central Pacific were joined in Utah when Leland Stanford swung the sledge that drove the golden spike as the last rail was laid. Somewhat less auspiciously and certainly with greater reluctance, the Massachusetts Legislature created the Bureau of Statistics of Labor on June 22 --100 years ago next Sunday.

What was Massachusetts like in the immediate post-Civil War years? There was an enormous surge of population movement from farm to city and from Europe and Canada to the factories and mills of New England. The factory system in the State had grown rapidly, especially since 1813 when the Boston Manufacturing Company was created in Waltham by the Lowell family. This enterprise had set a management model not only for the textile industry, but for many other kinds of fabrication. Division of labor was scientifically applied. People with managerial skills, rather than mechanical skills, were given responsibility and specialization of product became the rule. Total capital was large and the total process took place in one plant. Young women were recruited and lodged in dormitories. From this system was spawned the Lowell and Fall River Systems. The latter relied heavily upon the employment of children in the mills, and the former included mainly young girls. The shoe industry meanwhile had changed from one of many individual cobblers--from a sort of artisan yeomanry--to a system where a large group of workers were brought under one roof. At first each completed the entire shoe. But, by 1869 the division of labor had been extensively applied, just as in textiles. Early in the Sixties, the Mackay Stitcher made obsolete the turner and handwelter. Soon came the pegging machines, button fasteners, polishers, heel-trimmers, and other machines.

A concurrent development was the prominence and militancy of the Knights of St. Crispin, for a few years the most powerful union in the State. Special attention was paid to the shoemakers because of their role, both direct and indirect, in the creation and early years of the Massachusetts Bureau of Statistics of Labor. In textiles, the story was different since women and children were not so easily organized.

In this industrial milieu, the voice of the Yankee reformer was loud and strong, and particularly insistent was the cry of the ex-abolitionists. They had won their great victory--the slaves had been freed--and Wendell Phillips and his associates now kept a sharp eye out for additional wrongs to right. For example, there were the temperance movement, the conditions of the slums, women's suffrage, the educational system, and most important the labor question, particularly hours and conditions of work.

The preliminaries to the establishment of the first Massachusetts Bureau were part of the story. Two separate commissions were appointed by governors to study the "question of labor". Primarily they collected information and statistics about hours of labor and working conditions, and their reports were published in 1866 and 1867. Also about this time, legislation was enacted to prevent the employment of children aged 10 to 14 more than 6 months of the year. Nor were children of this age group permitted to work more than eight hours a day.

The first Commission circularized manufacturers and assessors of towns and cities; the former were asked about hours of work and working conditions, particularly those of children, and the latter were to report back who owned the land and buildings of the Commonwealth. Only 80 out of 1,000 employers responded, and only 39 of the 334 towns and cities bothered to reply. The Commission reported that gross violations of laws for attendance in school were common. The Commission opposed a general 8-hour law, but recommended more schooling for additional minors under the half-time system which was then current in England, the inspection of apprenticeships and bound-out children, and the annual collection of reliable statistics about conditions, prosperity, and wants of the industrial classes.

The second Commission, a member of which was Francis Amasa Walker, long-time President of the American Statistical Association and later the first President of the American Economic Association and President of the Massachusetts Institute of Technology, again tried to obtain information by mail circulars, but the statistics received were of no great value in the view of the Commission. Again, it was recommended that laws about the employment and schooling of children be strengthened and the hours be limited for those under 18 to 10 hours a day, or 60 hours a week, and that a special inspector of labor be appointed Most important was the recommendation that a Bureau of Statistics of Labor be created in Massachusetts.

As a result of these two Commission reports, there was a flurry of labor legislation in 1869, and a resolve provided for the establishment of a Bureau of Statistics of Labor. The Commissioner was to be paid $2,500 and his deputy $2,000 per year.

Two Commissions had recommended the establishment of this bureau, but nothing had been done for 2 years. The labor unions, prefering to emphasize other aims, had not pushed hard for it. Certainly, the Legislature had shown no strong intention of resolving for labor statistics up until what was literally the last minute. The 8-Hour Grand League had put in no petition for it, and requests for a ten-hour law by the Labor Reform League were put off by the General Court. The petition of the Crispins to incorporate was rejected by the Senate, 22 to 4. At that time, this union emphasized cooperatives and sought a corporate form of organization under State charter.

However, some factors were working for legislation establishing the Bureau. For example, the dominant political party feared that the labor vote would be lost to the Democrats which showed signs of revitalizing as war politics slowly retreated into the background. Further, a Labor Reform Party, formed in 1869, was already eating into the Republican majority; therefore, it would be good politics to grant some concessions to labor. Each year the working class was growing larger, not only numerically but as a proportion of the total vote. From the early reports of the Bureau and from accounts given by its leaders the following reasons influenced the creating of the Bureau in the spring of 1869. First, the idea had been before the public for thirty years, and second, no good reasons were advanced for not having the Bureau. Third, the argument that something should be done for the workingman since so many other suggested measures had been turned down appears to have been weighty. Fourth, the legislators of 1869 apparently regarded the Bureau as mearely a standing committee of investigation, just as the two previous commissions had been ad hoc commissions of investigation. Then, too, by creating the Bureau, the General Court did not commit itself to labor reform. Finally, General Olivers's reports about violations in the education and employment of children in factories had an impact on public opinion. The Legislature was saying in effect, "Yes, we do need to know more about these matters." But, at best the commitment was cautious. In sum, the Legislature created the Bureau, not the petitions of working men or their organizations. The latter had more important fish to fry.

Under the leadership of General Oliver, a liberal and former manufacturer, and George McNeil, his deputy, and a Crispin, whose career was dedicated to labor reform, the Bureau had a "rocky" existence during its first four years. Soon after its establishment, the Attorney General of the State ruled that all reports would be voluntary.

Some of the early studies surveyed conditions of Boston tenements and the ownership of savings deposits throughout the State. The former report led to legislation on tenements and lodging houses, especially for fire escapes, better ventilation, and sewers. The Bureau's report on violations of child labor provisions resulted in strengthened laws and enforcement. The Bureau's survey of the ownership of savings deposits indicated that most deposits were not owned by workingmen, but were concealed assets of employers who falsely stated their occupations. The Banking Committee of the Legislature rebutted that it disbelieved the figures of the Bureau. Then it was learned that all of the Committee members were bankers themselves. Thus, the investigations were made to solve specific problems. An act to provide cheap morning and evening commuting trains for workingmen was passed in 1872; Carroll D. Wright, then a State Senator, was a strong proponent of these "Parliamentary Trains."

A motion in the General Court to abolish the Bureau of Statistics of Labor failed to pass 71 to 103 in September of 1872. The following year, Governor Washburn stated, "It has not fulfilled its expectations," and later said, "Nearly every branch of the labor movement has expressed dissatisfaction." The employers and the State bankers were even more unhappy about the work of the new

Bureau. The Governor's solution was as follows: "The remedy is not in abolishing it, but lifting it to a higher and broader level." A new Commissioner, Carroll D. Wright, was appointed in 1873 and the move to abolish the Bureau was temporarily dropped. Petitions against discontinuing the Bureau were received from the State of Pennsylvania and the American Statistical Society.

In 1874, a State law called for a decennial census and industrial statistics survey beginning in 1875. This was to be a function of the new Bureau, but a motion was made to turn the project over to the Secretary of State of the Commonwealth. The House voted in favor of the Bureau's conducting the census. The new Bureau was not out of the woods yet as the Legislature then voted to abolish the Bureau, 113 to 99, but fortunately the Senate rejected the resolution overwhelmingly. Also in 1874, a Bureau report favored the English half-time system for children. A report on the cost of living of Boston families in 1875, similar to the Income, Expenditure, and Savings surveys which the Bureau has continued in modern times, received wide acclaim. Annual family income was $763, expenditures $738, and savings $25. Twenty-five percent of the income was earned by children.

The first voluntary surveys made by the new Bureau, inquiring of assessors, manufacturers, and workers, received a mixed reception. All but 10 of the assessors replied, but only 217 out of 1248 manufacturers responded and answers were generally curt and unsatisfactory. This reaction may have resulted from the length of the questionnaire, which had 81 questions. Neither did the workers respond very well; fewer than half answered a circular that contained 137 questions. The Bureau then sought the assistance of statisticains of the Interior and Treasury Departments in drawing up schedules. In 1871 the rate of response was greatly increased as schedules were shortened and instructions made clearer. During the same year of 1871, two agents were sent to the western part of the State to collect statistics from workingmen. A female agent was sent out to investigate women workers and their working conditions.

Eight important strikes had occurred during 1870 and the Bureau undertook to summarize data concerning these walkouts. Witnesses were summoned by the Bureau and their testimony recorded phonographically. Physicians were solicited for their views on deleterious labor and personal inspection tours of Boston tenements were made. A substantial number of workers visited the Bureau, although often reluctantly, to make statements of their experience in the mills and factories of the State. A library on the half-time system was collected from England and foreign labor laws were studied. The officers of the Bureau personally visited thirty manufacturers to obtain data and conduct interviews in 1872.

The report for 1873, the fourth report of the Bureau, contained some annual earnings data obtained from the Federal Census of 1870. Also included was information on living costs; distribution of wealth, including real estate, personal estate, and deposits in savings banks; the effect on wages and production of reducing hours of work from 12 to 11. Further studies were on the effect of certain employment on health and morals. The problems of cooperatives were discussed including their success, failure, and dangers, and further research work was done on the conditions of tenement houses. A historical piece was included describing the conditions of labor in the early part of the 19th Century. Wright prepared the 1874 Annual Report which delved further into the ownership of savings deposits; the 1875 study was the first cost-of-living (family expenditures) study in the United States. The 1876 program of the Bureau was mainly the Massachusetts census.

There was a statistical tradition in Boston. Lemuel Shattuck and a group of M.D.'s were the principal founders of the American Statistical Society in Boston in 1839. Shattuck was an expert on vital and education statistics and advisor to the Census of 1850.

Wright was a pioneer in the specific taks of investigating the social and labor problems of the era with statistical techniques since his Massachusetts Bureau was the first in the world devoted exclusively to labor statistics. Although individuals had studied many of the same areas to which Wright later applied himself, no large body of labor statistics was extant elsewhere in 1873 in either the United States or Europe. His most significant contribution was probably his insistence on "judicious investigation and fearless publication."

In a larger sense, the abuses of the times called forth the antidotes that Wright and others administered. In retrospect, four main facets of opposition sought to upset the conventional laissez-faire wisdom of the times--all four were crucial and Carroll Wright occupied the central position in one of them. First, the labor movement grew in size and acceptance and combatted the intrenched ideas. A second attack on the existing order of things was through direct legislation in regard to financial status and working and living conditions. A third force attracted many indignants, a few busy bodies, and the clergymen, editors, writers who earlier had denounced and fought slavery.

Alongside these three thrusts emerged a fourth force called statistical investigation, which carved an important niche for itself in the reform movement of the post-reconstruction period.

When the first Bureau of Statistics of Labor was founded in Massachusetts, it was a shrill, small voice crying in a wilderness of brutal methods and hysterical antidotes to the oppressive environment. Later in 1884, the Federal Bureau of Labor was established by act of Congress and, like its earlier counterpart in Massachusetts, was considered at first to be weak--even though the state agency had already served as a model to establish many similar bureaus in the industrial States and in western Europe. By 1891, the nation had 27 state Bureaus of Labor.

In the face of opposition, the Bureaus survived and grew. They were criticized by reformers for failure to act as an advocate for the workingman, by employers for their unwarranted noisiness into facts that presumably concerned only the employers. They were denounced by politicians, by advocates of accepted economic theory, and by those who sought jobs that were not forthcoming in the new bureaus.

During the formative years, Carroll D. Wright plotted the destinies of the labor bureaus in Massachusetts and Washington, D.C. The functions of replacing obfuscation with clarity; exposing the slums of the great cities, investigating strikes, measuring the cost-of-living and analyzing habits of family spending, analyzing the causes of depressions, and studying conditions in prisons were in large measure met by these bureaus. At the same time, they found time to examine the mores of first generation immigrants; to consider sex, marriage, and divorce in the United States; to seek a sound statistical method to determine tariffs; to strike a blow for the temperance movement; to consider the needs of industrial education; and to train college students in statistics. Wright cast far from shore in his studies--to the Yukon, to Germany, to Italy, to England, and to most of the industrialized nations of the world for his statistics. His interest in almost the entire globe was surpassed only by his diverse interest in the domestic economy. He wrote scholarly tracts on copyrights, ethics, arbitration, building and loan associations, the effect of inventions on productivity, and other subjects including a stout defense of the working girls of Boston.

The first BLS Commissioner, who lived from 1840 to 1909, was fundamentally an optimist who had great faith in human nature. He believed that society through positive effort could solve its problems. Elements seem to have conspired in Carroll Wright to create the unique man to place statistical investigation in the forefront of considerations of what he termed "the labor question." To him preeminently our present generation feels that it owes the growth and maturing of the science of labor statistics. On the other hand, was the growth of labor statistics an inevitable offshoot of a spreading society that had to grow fruitful branches as well as fungus? Would another man have done the job quite as well?

Only the naive can believe that the science of gathering and presenting social and economic statistics can be conducted in a political vacuum. The data must relate to current and emerging problems. The tides of the times directed the path of statistics in 1869, and so it must be in 1969. No value attaches to statistics unless they are designed to assist in solving an issue. This is not tantamount to saying that the factfinder should compile dishonest statistics to carry political favor or to please one side of a controversy.

Colonel Wright's Civil War experiences, his early law training, and his political activity in the State legislature, as delegate to national conventions of his party, and as a candidate for Congress no doubt contributed to his effectiveness as a statistician. As a young man he had learned that politics is the art of the possible. Later, he found out that statistics is the art of the probable. The labor question required the application of both these formulas. So he took the art of the possible and skillfully blended it with the art of the probable. The combination proved successful.

Finally, a colleague of Carroll Davidson Wright at Clark University wrote an elegy to him after his death in 1909:

In Memorian

Who was so wisely kind, so gently wise
Unselfish, tolerant, made to guide and bless
His work is done, its influence will not cease
Although his voice is silent now. His part
It was to arm the lowly for the strife,
And make the mighty just ....

MR. KEIM: Good morning, ladies and gentlemen.

The last couple of days we have been talking about industrial relations statistics, administrative statistics, and employment in related States.

This morning we initiate the theme which will be carried out through the day on statistics as an aid in solving urban problems. The first session, this morning, is the administration of assistance programs, and standards and cost of living. I will now introduce the chairman who will preside over introductions.

We are pleased, very pleased this morning, that Dr. Lawrence N. Bloomberg can be with us. He is Assistant Director of Social Statistics, Office of Statistical Standards of the Bureau of the Budget.

Sometime ago he participated with the Bureau of Labor Statistics staff in our Standard Budget Division. As a matter of fact, he was head of the Inter-Agency Technical Task Force on Standard Budget Provisions, so I am very pleased this morning that this conference is privileged to have our chairman Dr. Lawrence N. Bloomberg.

ADMINISTRATION OF ASSISTANCE PROGRAMS

Chairman: Lawrence N. Bloomberg, Assistant Director
Social Statistics
Office of Statistical Standards
U.S. Bureau of the Budget

My own idea of the functions of a chairman is to be just that, so I'll be brief. I think our subject: administration of assistance programs, and standards and cost of living, is extremely important, particularly at this time when there is so much concern over levels, not simply of standards of living, and cost of living, but over poverty levels, which are being used for a multitude of purposes. We have before us now the proposal for a so-called low-income credit in our tax returns, based on a concept of low income or poverty or some very generalized idea of a level of living.

For this reason, I think we are particularly fortunate to have such a splendid program prepared for us. I have the privilege of introducing Mr. John Schneid, Chief of the Division of Research, Maryland Department of Social Services.

Mr. Schneid has a B.S. from Johns Hopkins, and M.A. from the University of Pennsylvania, and has been also in the Advanced Curriculum of Social Research at Pennsylvania, and has been working, among other duties, on the development of standards for public assistance.

Public and Private Welfare

John Schneid, Chief
Division of Research
Maryland Department of Social Services

Thank you, Mr. Bloomberg.

I would like to declare with you at the start that the Department for which I work, which has responsibilities for developing standards for public assistance and allowances, is not located in the Research Division.

The day the invitation for someone to speak came to our department, the encumbent Director was submitting her resignation. She is going to work for a local community action agency, where she will work for better standards of community welfare.

The budget package which she left behind, already amounting to about $30,000,000 for the next fiscal year, was turned over to me along with the invitation. And now I am going to talk to you of what I need in the way of cost data for public assistance standards.

I can't speak to you from a long experience and I have not participated very much in the process by which standards are derived. I have had 18 years experience in public welfare in all areas of administration. The only thing I haven't been is the recipient. And I am beginning to regret that, because such experience is probably a vital part of education for someone who wants to work in the field.

Let me describe to you the object for which the knowledge of standards is sought, that is, the recipient group, the recipients of public assistance in the country. I will talk about my State, Maryland, but except for the numbers, you can take what I say as being typical of every State in the Union. And I have selected those characteristics that seem to have significance for the issue of standards.

In Maryland this year we will administer 35 social service problems to a total case load of about 116,000 families and individuals. (There is some duplication in there.) We can't be too certain about the number of individuals in all of those families, but it appears to be around 300,000, approximately 8 percent of the total population of the State. I hope it will be somewhat of a surprise to you that only 46 percent of those cases--it's close to half and it's getting closer to half each year--do not get public assistance.

We call ourselves Social Services. We used to be Public Welfare, but the Department of Public Welfare directs only 54 percent of its case load to income agent cases. I also hope it will be of some news to you that of the 60,000 public assistance cases, a monthly average of just 401 will be cases involving an employable person or an employable head of household, six-tenths of 1 percent of the total public assistance case load. All the other individuals, 99.4 percent of the cases, are either children, aged, or mothers responsible for child care.

Thus, the prevalent image of relief rolls is simply not applicable in our locality and this I might say is not because of any administrative restrictions either. We really don't know why the people of Maryland do not come for public assistance, but they apparently find other ways to manage.

Therefore, when it comes to constructing assistance standards, I have to bear in mind that we have 60,000 cases who receive public assistance and they are all unemployable for the afore mentioned reasons and for some of the following:

Half of that case load is families with children, covered by the AFDC program. I am sure you have heard of that. The other half are so-called adult categories. I won't take up your time with the technical eligibility rules. The titles of them are sufficient: Old Age Assistance, Aid to the Blind, Aid to the Disabled. Essential to all of these, of course, besides the physical factors, is need.

Aid to families with dependent children does not cover all families; just the ones where the father is dead, absent, or incapacitated. Other families where income is just insufficient may not receive public assistance in our State. We have a program of general assistance, as most States do, and again there is a requirement of a physical disability that prevents people from working.

Now, we are talking about constructing assistance standards for a number of individuals, 116,000 parents and children, in the AFDC program and perhaps 33,000 in the adult categories.

These seem to be the salient characteristics when it comes to constructing standards. Just about all of these people have come to us from the poverty population. The old image of a hard working, industrious citizen who was formerly up here and falling down here because of hard times is no longer true. The people who move on and off of our roles do so at a level. They move from poverty to welfare back to poverty again. This situation says something about the standard of living level or standard we shoot for. Should we shoot for a standard, which is the same as the poverty standard.

The second most salient feature is that of sickness. There are tremendous numbers of sick people; 4,000 of the aged, half of the case load; all 22,000 of the blind are disabled; 2,500 AFDC fathers and 4,000 AFDC mothers out of all the adults we assist, are sick; 22,000 of the children in our AFDC program are sick children. We surveyed the medical diagnoses of the adults, by using the manual of international statistics classifications of diseases, injuries, and causes of death. We listed 2 1/2 pages of diagnoses from the publication of the Royal Health Organization.

Our recipients averaged 2.7 of those diagnoses recipients. Of the AFDC children, over 20,000 have one or more physical or mental impairments. We don't know the severity of them, but we do know that this incidence appears to be noticably higher than that for the total population in our State. One-third of our AFDC mothers who are not incapacitated for employment are needed in the home to take care of these sick children.

It seems to me those facts about the physical condition say something about the content of a standard: food, household needs, etc.

Age is the third problem. Old age recipients average 78 years old. The adult categories average 50 years of age. Recipients of AFDC, which, as you know is mostly mothers, average 32 years of age, and the children are from 1 to 18, and they average about 7 years of age.

The spread of age alone, when it comes to standards for clothing, food, other items of personal maintenance, call for a variety, as you know from the budget work we have done.

Another characteristic which is important for budget purposes is the length of time, the frequency of time spans that the people are on public assistance. Most people think cases never get closed until the recipients die, but that isn't true, even in the old age categories. In a recent month we closed more cases because Social Security benefits went up than because of death.

In the AFDC program the average time span is 2.7 years. Even in the remaining adult categories, cases do get closed for one reason or another.

What kind of a budget or standard do we provide for them while they are with our department? Maybe in light of where they may be going to or where they came from we may provide some of the answers.

A fifth characteristic with implications for budgeting is the variety of living patterns which families have. Your published budgets are very helpful for a family of four. Ten percent of our families are families of four; 44 percent are single-person families; 15 percent are two-person families, mother and child. The remainder are five to fifteen individuals each. Except for some of the large ones, the families of four constitute the smallest group, so we have to provide a standard that is on a sliding scale, where a certain item like food has to be provided for all ranges of family sizes. And each family size might have an adult, children, different ages, what have you.

Just constructing a page in a manual from which a worker can make up a budget is a tremendous problem; 22 percent of our families live with other individuals who are not on assistance, but they are budgeted as though they were with others. A single person lives with his relatives; he would be entitled to a food allowance of one-fourth for four. Not only do we have to consider what a single person should have, but also what he should have when living with four persons.

What do some of the things that I have mentioned mean in terms of the objectives of public assistance programs? We have a long history of conflict with regard to objectives. Are we a basic repository in which people fall from higher income levels for a temporary time? Is public support a way of life?

My belief is it is going to be a way of life, but it won't be called public assistance; it will be called a guaranteed annual income. Maryland has already changed the name to Social Services.

A variety of items have to be considered. We have the range of mandated conclusions. Our legislature has decided to give money, but not much, to these people. We are directed to give allowances for food, clothing, laundry, school supplies, diet, special diets, special educational arrangements, boarding, and so on.

The legislature felt good 1 year so they gave money to the blind. As a result, we don't have a rationale at all; it is patches on top of patches. Some of our standards, like food, are 2 years old. Our shelter and utility standard goes back to 1959 and we still have personal allowance placed at 1939 levels in Maryland. The legislature has not made any increase in that type of allowance.

Let me name a few specific needs that will help me to do much in the next couple of months. Two points I am sure are already in your plans: that when you do construct a budget you will up-date the contents by habits and so on. And the other thing I am sure you will do is to replace those items at a more frequent interval. May I suggest you do it annually. State Legislatures meet annually and when we have to make a request for more money for food this year it is very handy to have a this-year or a late last-year figure to take into them. We would rather not do it ourselves. It is one thing, of course, to take a budget item and up-date by how much the cost of living has gone up, but if you give it to two researchers in two States you come out with two figures. We would rather you did it. But if you can't, tell us how to calculate in a uniform way to do this annually.

May I secondly recommend that certain classes of items that are now in your budgets, if at all possible, show item by item cost. For example, I have to put into our budget this year something for personal and household maintenance. You have two classes that add up to essentially what our State Legislature means when they say "personal household maintenance," but you also have postage, telephone calls, transportation in there; whereas our legislature does not consider these items necessary. How shall I reduce the amount of money for the class item by one or two items that I would like to get out of there, if possible, if I am told that I have to do this by our legislature?

We need a way of modifying the budget that you may provide. When I first got your new publication I was delighted, the three living standard plans. I was delighted; and it said to public assistance people: Don't use the total conception but you may use the items. I thought: Fine. Then I went and looked in the equivalent scales book, and it says: "Don't use this for the individual items; just use it in toto." So if you could fix that up, we'd appreciate it.

One other thing, the cost of food at home is a good example. You have all the age groups, the sex, age breakdowns by various standards: this is fine. We could make up a budget for almost every kind of a family on these two characteristics, but picture the chaos if we tried to, because with workers looking up standards in manuals, so many mistakes would be made that it is not feasible; and our date processing people say they can't program it. What we need is something like a standard person or one or two classes of people so that we can easily give to someone an amount of money suited to his needs.

This is the issue, of course, of the flat grant, which New York State has: however old or what sex or what personal needs you have is indicated by your characteristics, you get the same amount of money. This system is unfair. Too many mistakes are made. If you do break things down, don't break them down too far.

Lastly, let me say, however, much it might be contrary to practices in the field of budget creation it is a basic fact in the legislative appropriations, that standards are more acceptable when based on necessity rather than habits. It is unfortunate but it is true, and we would like to see some such basis for personal clothing and household maintenance items, so that we could use them with our legislature.

In winding up, probably the hardest thing, if we are ever to come together, is to get past the difference in the philosophical base that underlies your budgets as against the kind we are trying to create. You all express so clearly in your publications that standards of living is where you start from, and that's right. You caution that these budgets are intended to represent an average of choices and habits made on the basis of wage-earning families.

Our people do not have these choices. We are not even creating a standard of living. We are creating fragments of a standard of living and fragment by fragment. So much for food, so much for shelter, so much for this, so much for that. The room to move around isn't there.

The biggest need, one of the biggest needs, is for medical care, and this is not cheap in your budgets, doesn't even come from the welfare budget in our State. Our recipients have to go to another department to get it, the Health Department, and the money doesn't go through the pockets of the recipients. It is paid from one department to another. Our recipients do not have a standard of living. What we are trying to do is make use of what you have put together on a standard of living basis and to try to make it do for an artificial standard of living basis, such as exists in public welfare today.

I hope this conference will produce some ways in which the basically divergent frames of reference can be brought together, and that there is some common use that we can make of the facts of each other's responsibilities. Perhaps some direction might come out of this that will bring some change in the public welfare system that does not seem to be viable any longer in the light of the facts today.

MR. BLOOMBERG: Mr. Schneid, thank you very much for a very informative a and thought provoking statement.

Our next speaker is Mr. Edward B. Kovar. Mr. Kovar is the Director of the Health Division of the United Community Services of Metropolitan Boston.

Mr. Kovar graduated from Boston University and its graduate school. He has been long connected with public health planning. He is a political scientist by immediate training which, I think, is a good training to the health planning field. He is also associated with the Harvard School of Health. Also, he has been engaged in the Department of Standards for Private Assistance; and I think that we would be very fortunate to hear from him as to what is needed in that area.

Edward B. Kovar, Director
Health Division
United Community Services of Metropolitan Boston

Thank you, Mr. Bloomberg and ladies and gentlemen.

I have interpreted my mandate very liberally, and I was a little shocked to hear Mr. Bloomberg say that I was engaged in Standards for Private Assistance, because in truth there is no such animal.

I did work with the Boston Regional People (sic) on what we called a minimum guide for family budget. We decided a few years ago that food was important but not the whole bit. The purpose of our kind of agency is to guide the setting of fees. We have to have good ideas on standards and such, because, as you know, private agencies--so-called--and I am going to take issue with the term "private" in my paper--don't give out any money any more. We leave that to the public agencies. But I would associate myself with some of the things that Mr. Schneid said, of how to relate the concept of standards to what the BLS is doing.

It is clear to us from the daily news reports alone that new points and life styles can and do vary enormously in our society today from generation to generation, even within the same family. Perhaps it is not so clear to all of us, however, that in addition to vertical relations of this type there is a rich lateral variation of perception and life styles in our country across ethnic and sub-cultural lines.

It seems to me, therefore, as a practitioner in what your conference has chosen to call "administration of assistance programs," that we who took in this field are in dire need of some kinds of basic social data about the metropolitan areas in which we work, data which would increase the effectiveness of our activities, but which have heretofore not been available to us.

We would like to think that the Bureau of Labor Statistics, with its trained corps of technicians and its vast experience in data gathering has both the freedom and the willingness to experiment in publishing reliable data of this type. The kind of data that I am referring to are those that will enable us to gain better insights into the variations in attitudes, perceptions, and modes of living, what I have called life styles, that appear to exist in our country in considerable profusion among definable subgroups of the population.

Although here and there individual researchers and projects have attempted to analyze factors of this kind it is my general impression that such factors have not been subjected to the kind of broad-based, disciplined, continuing analyses in depth that would provide program administrators in the social welfare field with the means of making valid comparisons between different population groups with respect to their health and welfare needs, both real and perceived. And the "perceived" here, I would say, is very important; it would enable these administrators to shape the programs that might meet such needs.

I have been making one assumption in putting these remarks together: that it is impossible to distinguish in any real way between the data needs of the so-called private welfare sector--what we prefer to call the voluntary nonprofit sector--and those of the public sector. More and more together, it seems to me, voluntary and public agencies are engaged in a deliberate effort with the same basic objective, an objective that transcends narrow, categorical divisions, such as public welfare or voluntary health agencies. The "quality of life" problem has become endemic in our urban centers, and in some of our suburban communities, too. In fact, it is the major problem of our large metropolitan areas as a whole. It is not limited to the specific requirements of the voluntary sector of the social welfare field, despite the definition of any assignment in the conference program. Closely correlated with this assumption is the idea that effective program planning, the development of special packages of services to meet the needs of specific sectors of the population, is the real name of the game in the social welfare field today, both in the public and voluntary sectors. Therefore data related to standards and costs of living will represent a new point of departure for program planning in the social service field.

Now, I shall discuss under three headings some examples of the specific kinds of data I have in mind, generic social planning data, data related to differences in styles of life among various population groups, and data related to the special field of medical care.

Two types of data would be particularly useful if they were available to social welfare program planning. The first requirement in this connection is reliable data for inner-centers regarding general movements of the population among territorial segments within metropolitan areas, particularly in terms of variables such as age, ethnicity, income levels, and educational status.

Most core-city areas are undergoing rapid changes these days in terms of demographic variables such as these, and it is hardly possible for program planners to plan appropriate social programs. It is hardly possible to do this in 1968 on the basis of demographic material of this kind from the 1967 censuses. Where interdecennial censuses are taken, as in Massachusetts, I presume that not only is the State census material cruder in form, but it still leaves us quite at sea with regard to the demographic characteristics of rapidly changing neighborhoods in core cities. Normally these characteristics change between a State census and the Federal census. What would be desirable would be relatively current data of this kind based on continuous sampling investigations.

The second requirement for program planners in the social welfare field under this heading of generic is what I shall call "community morbidity data;" this definition extends the term "morbidity" to embrace community phenomena beyond the traditional epi-demographical scope.

Here again, extrapolations of such information, at least to the entire central city, would seem to represent an extremely useful planning tool for social welfare practitioners. Among examples of what I have in mind are the following: 1. The actual preference in a given community for what I would call "homeboundedness." You will find that from extended disability or from whatever cause, an individual cannot leave his home for any purpose. Normally, planners are limited to extrapolating from national figures in planning to provide services for this group of individuals. But such extrapolations are highly unreliable when brought down to single metropolitan areas and can lead to costly mistakes in planning.

Household surveys on a sampling basis, to get an accurate data in this connection, are beyond the resources of most community agencies, public or private.

A comprehensive survey of homebound individuals of the visiting nurses in greater Boston, undertaken jointly several years ago by the Nursing Council and the Rehabilitation Council of my agency, yielded excellent data on the demographic and socio-economic characteristics and the medical status of this group of persons. But the survey was not too useful for program planning purposes, because the true size of the universe involved, i.e., the homebound persons not on visiting nurse case loads, was unknown, and that dimension was needed.

2. As an example of community morbidity data, I will mention the number of visits to the dentist during the year by residents of census tracts. In view of the known disparities among different groups and educational levels in any community with respect to use of this type of services, it would be exceedingly helpful for health planners to learn about the particular pattern of care in this field within their own communities as a basis for attempting to develop dental service and dental education programs.

3. Existence or nonexistence of voluntary health insurance coverage among different types of populations are the relative costs and extent of coverage for those families who do indeed have it. Many theories relate to this point. And definitive information regarding it for each metropolitan community would be of inestimable value for those engaged in planning community health programs.

4. Another example that would have a bearing on program planning in the field of health and welfare would be comparative information on distances traveled by patients to receive services in a hospital out-patient clinic, and the number of visits made by the patient to the closest clinic compared with the distances traveled by the same persons or other members of their families to make use of leisure time facilities and programs provided by the community.

Users of social service programs have varying attitudinal concepts relating to them. We suspect that the differences badly need analysis on the basis of the information outlined.

Some parts of the public are broken into "sensitive" areas. This breakdown has not provided us with very much information and the BLS may find too that such investigations are not technically feasible.

Nevertheless, we are badly in need, if only to eliminate stereotypes, of differential data regarding Blacks, Cubans, and Puerto Ricans, who are usually lumped together for program planning purposes or the last two groups are lumped together as "Spanish-speaking." Jews, Italians, and other ethnic groups also might be named. When related to income level, data bearing on ethnic and certain attitudinal forms of our society might be extremely revealing.

Are there different social attitudes and life styles that separate suburban blue-collar workers from their counterparts in the inner city?

In the same context what differential transportation standards do we really need if we are going to get at the whole metropolitan planning problem? The City Workers Budget has a standard but it relates normally to the person who lives in the city and works in the city.

The blue-collar person living in a suburban community must travel 15 or 20 miles to his job in the city, and must use a car. He has an entirely different transportation set-up from the fellow who uses the public service. This difference is enough to throw his whole standard of living out of kilter in relation to the set standards.

Before I get into my last point on medical indigency itself, let me say that medical care is a rather strange component of the standard of living because it means so many different things to so many different people, and is based not only on life styles but aspirations for one and one's family.

One has to look at this item much more in the round and develop equivalent standards for different life styles if one could at least have a rigid dollar input, that in a sense should be an allowance for a given budget standard.

The way medical care is used is not necessarily related to present income. It may have much more to do with education or where you are going to be in some future point in time. All of these things have to be gotten into the picture in terms of developing standards.

My last general category is the whole question of medical care. The question of medical care is a more important element in my view in the total context of living than family budgeting.

I am not saying it should be given more relevance to the cost-of-living index, but within a family's budget these days, in my view, it is not only more important than it has been before--because we are reaching the point of having medical care seem to be a right, rather than a privilege, very much the way food, shelter and clothing are. But it is different from some of the others. The truth is you can control your food intake of your family if you know how much money you have. You can cut corners, you may even have malnutrition, because you know in advance where you have to economize to make do.

Medical care is totally unpredictable. Medical care for a catastrophic illness is a factor in the total family budget that can actually move a family from prosperity to penury in a very short period. Therefore, it is absolutely essential in my view, to get rid of the welfare tag and help the next generation get a better start. Medical indigency is almost a determinant of a lot of other things that require welfare assistance. It is a nice question of the chicken and the egg as to whether illness causes welfare or welfare status breeds illness, but certainly it is reciprocal. It is important to reiterate that medical care and the concept of medical indigency must be given and should be given greater relevance and greater subtlety of analysis in the development of standards for welfare recipients and cost of living in general.

MR. BLOOMBERG: Thank you very much, Mr. Kovar. You threw a lot of very significant and very vexing questions at us. I suppose we really could spend the rest of the day or maybe months trying to answer some of those.

The next speaker is Helen Lamale.

I have known Helen for many years. She certainly has proved herself tops in her field of price levels and living conditions.

I have a great deal of pleasure introducing to you Helen Lamale.

Bureau of Labor Statistics Budgets

Helen H. Lamale, Chief
Division of Living Conditions Studies
Bureau of Labor Statistics
U.S. Department of Labor

In March of this year we published the next to the last of our current series of the technical bulletins for the revised budget program for the Four-Person Urban Family and the Retired Couple, in our Bulletin series 1570.

The first bulletin, 1570-1, completed in autumn, 1966, is entitled City Worker's Family Budget for a Moderate Living Standard. It is the successor to the 1960 version of the original City Worker Family Budget.

In 1959, by congressional mandate, without any funds, we were advised that we had to publish a 1950 version of the "Modest But Adequate City Worker Budget" and "Retired Couple's Budget" which were interim in the sense that they used the same procedures, same concepts. We only updated the spending, the quantity budgets and such to reflect the 1950's standard of living.

In 1959, when we had the congressional mandate to revise the City Worker's Family Budget, we were also told to revise the Social Security Administration's Elderly Couple's Budget, and they were based on 1959 prices in only 20 large cities.

The most important criticism of this budget was that it didn't take into account the cost of home ownership, the omission of which was justified in the original budget, because it was limited to large cities; and for families at the modest but adequate level, rental was the prevailing practice in very large cities. By 1959, however, this was obviously not a reflection of the prevailing standard for four-person city families.

The other major criticism of our internal budget was that it didn't include a sample of smaller metropolitan areas and had no nonmetropolitan budget at all, and it had no basis for a U.S. urban average.

So, when the Advisory Committee working in 1963, reviewed our whole program, they made these top priority recommendations, that we revise the "modest but adequate four-person family budget" and the "retired couple's budget," that we include the cost of home ownership in both, and that we extend the cost for these budgets to smaller metropolitan areas and nonmetropolitan areas in such a way that we could produce a U.S. urban average.

The second priority was that we develop a budget for a lower and a higher standard. The impetus for the lower standard came, I think, primarily from the representatives of the Public Assistance Program, because between 1959 and 1963, the "moderate but standard and adequate budget" had been used widely by the

States in a process that was called "scaling down" these very diverse standards, which Mr. Schneid was talking about a little earlier. The ways in which this was done was sort of fearful and wonderful to us who were sitting in Washington watching. We were very receptive to the idea that a lower standard should be prepared, but we were also adamant that a lower and a higher standard should be developed within the conceptual and procedural framework established for the "modest but adequate," now called the "intermediate budget."

We agreed that the family type would be the same, the same basic assumptions would be made with regard to the employment status of the wife, and the age of the children. Also, the new budgets would include, in addition to consumption costs, which are primarily the concern of people dealing with assistance programs, all of the cost associated with employment.

I think for both of our previous speakers this inclusion does create some problems in the use of the lower budget in public assistance scaling.

In the course of review, the Advisory Committee pointed out that the BLS should publish as much detail as possible for these budgets in order that they may be taken apart and put together again in ways which are appropriate for specific goals and specific programs.

On the other hand, we have our statistical limitations in terms of the validity of the data. What is perhaps worse is the misinterpretation that can result from quantity budgets, lists, goods, and services, which, in effect, are ways of arriving at the component costs.

If they show too much detail they can't be thought of as recommended spending patterns. In other words you are telling families that they should live in this way and every old gentleman that he should buy a topcoat every 13 years, whether he needs it or not.

In our series of bulletins, the first bulletin dealt with costs of the modern standard four-person family budget. The second bulletin is a revision of the "equivalence scale," which is a scale that allows you to estimate the total consumption costs for families of different age and compensation.

The third bulletin was new in this particular series. In this bulletin we published for the first time the United States urban average, and five benchmark series, the average prices, and the detailed specifications used in the budget.

It also contained details of the housing; it broke down the cost of home ownership from the mortgage principal and interest, in addition to the fuel requirements, and some of the other items for which we had a lot of requests.

The fourth bulletin was the revised Retired Couples' Budget for a Moderate Living Standard, for 1966; and the fifth was the spring 1967, Three Standards of Living for an Urban Family of Four Persons.

And later this summer we will have bulletin six, which will be the Spring, 1967 costs for three budget levels. In connection with the 1967 the "three standards of living," we made rough approximations of the cost as of Autumn, 1968. We will do the same for the retired couples' budget. We have currently completed collecting Spring, 1969, prices for both budget types, all three budget levels and others. We plan fully by the end of 1969 to release the costs of these for the same 39 metropolitan areas and four regional classes of nonmetropolitan areas in the "United States urban cost figures."

Several points have been made with regard to having more cities or changing the sample, and what we plan to do about keeping it up to date. The sample is the same sample of cities that is priced for the consumer price index. It is a national urban sample; it includes all standard metropolitan areas of one million in population or more as of 1960. It also includes a sample of the smaller metropolitan areas, and four regional classes of nonmetropolitan places.

The cost of establishing a pricing program, which will provide average prices for the detailed specifications of items used in a budget is substantially greater than that for establishing a consumer-price index, where all you need to do is measure the change from one period to the next on an identical item. You don't have to standardize the specifications or make them equivalent, as you do in the budget.

So I suggest that we increase the number of metropolitan areas or places where we price the budget, not so much in collecting current data, but in establishing a pricing program which is adequate for the purpose.

The other point is the business of keeping it up to date. For the first time since the Bureau has had a budget program, we have plans and we have funds in the base budget to reprice it completely in alternate years.

It was priced completely in the spring of 1969 and presumably it will be in 1971. In the intermediate years we plan to use the detailed trend data at the group and item level in the consumer-price index to estimate the cost for the budget.

In short periods, particularly if you handle the housing component pretty well and precisely, this is not a bad method. And I think the Bureau can say that we are generally willing to give this kind of assistance to State and local groups.

At this point I was planning to take up the specific references in the particular statements. Let me see if I can ad lib a little bit, but try to summarize all the points you made.

The questions raised this morning, I think, generally fall into three classes:

Questions dealing with the quantity and costs in these budgets and our program for some of these I think has been answered. But when we get into the problem of content with regard to what kind of standard we should have and how we should try to adapt it to make it more compatible with your purposes, I will try to cover immediately after the break.

There are also some questions in here in terms of uses and limitations of the comparative living cost indexes based upon the budgets. Once we have developed the costs for these three budgets for the three family types, at the very detailed level of group and sub-group components of consumption, we have the wherewithal to do comparative living cost indexes in a greater variety. We have published for each set of budgets a detailed comparative set of living cost indexes based on a United States urban cost average. These living cost indexes can be used, I think, in estimating costs for comparable communities, within limits.

The other major question that came up here this morning concerned adaptation: "Why the four-person family?" We don't get so much, "Why the retired couple?" This couple has been pretty much established, but the question is why this particular four-person family, and how do you use the revised equivalency scales?

MR. BLOOMBERG: Helen asked me, if I would, to comment quite briefly on some of the generic questions that Mr. Kovar raised, since they are largely outside the province of the Bureau of Labor Statistics.

Two of them, in particular, one of them having to do with disability, will be taken care of largely in the 1970 census, not quite in terms you asked, but new questions on the 1970 census will be on whether the person has a disability which prevents him from doing any work and how long this disability has been in existence, and on partial disability.

It will not include whether he is confined to the home or not, but I think that question may be a very great benefit.

This question will be on the 5-percent sample, which should give us data on all metropolitan areas and possibly on some sub-areas of the large metropolitan areas.

The other questions that you asked, dealing with health insurance, the extent and coverage, is an area dealt with largely by the National Center for Health Statistics. Not too many local data flow out of that series, although a move is afoot to put some of those on a more local basis, particularly a survey I happen to know of concerning the coverage of health insurance and payments to the individual in addition to the health insurance coverage, not only for hospital care but for physician care and drugs.

But that general area is really dealt with in places other than in the budget context. It does certainly bear very cogently on the planning aspects mentioned.

MRS. HELEN H. LAMALE: The other two needs which Mr. Kovar spoke about in terms of program planning deal with life-style data, and more data on the cost of medical care, in relation to its unpredictability and castastrophic nature.

With respect to the life-style data, this comes very close to be what we try to get currently on our census with respect to consumer's savings. The last census on consumer expenditures was in 1960. They were categorized at that time in detail in BLS report series 237. An analytical report series, 238, deals with an analysis of expenses for aspects of the family.

One report describes the interrelationships of the spending patterns and similarties and differences between urban and rural families. These surveys traditionally in the Bureau have been conducted jointly with the Department of Agriculture when it is a national study, as it has been since 1941, with the exception of 1950.

But in 1960-61 there was a national study--traditionally they are done at the decennial weight revision of the consumer-price index.

We have proposed for this fiscal year, although we haven't the answer from the Congress, the initiation of a seven-year revision program, which calls for a pilot consumer survey in two metropolitan areas in 1970 and 1971, and a comprehensive survey in 1972 and 1973.

This survey would give data from 1971, 1972, and 1973, depending on the results of some experimental work we are doing. It would be a comprehensive survey of approximately the scope of the 1960-61 survey, and presumably would be extended to include some additional questions. We would be able to evaluate questions in terms of the differences in expenditures since 1960 and why these differences exist.

There is considerable restriction on the BLS developing ethnic and national origin bases. We have consistently, however, had racial background in these surveys and in the tabulations.

We have also had breakdowns for central cities and suburban areas in 1960 and in 1961. The 1961 survey for central city versus suburbs is quite limited, but these are good surveys, and it is very difficult to do the special department kind of probing that is needed in order to get true evaluative attitudinal and cultural differences in the patterns identified.

But I happen to know that the Office of Economic Opportunity in connection with the survey that is being conducted by the University of Michigan has been doing two things. It is primarily for the poor, although they are doing a cross section sample for some control purposes, and their study is one to provide longitudinal data following families in a given setting through the lifecycle. They will also be asking attitudinal questions for previous generations to try to get at this generation gap as well as the intra-national differences and subcultures.

Currently the Office of Economic Opportunity is also trying to do some contractual work which both HEW and BLS are consulting on with respect to life style differences among racial, ethnic, and national origin groups. Such a study will be limited, however, as I said, by our limited resources.

MR. KOVAR: It is a beginning?

MRS. LAMALE: It is a start.

In my reference to the consumer-index surveys, I would, as a result of some questions, we had at the intermission, point out basically the difference between our budget program and the surveys of consumer expenditures.

The results of the survey of consumer expenditures gives many variables. It gives the actual expenditures and changes and assets and liabilities for families of different kinds and in a given year. As I said, the current data relates to 1960 and 1961.

However, the budgets are really an analytical use of expenditure survey data that relate to independent standards developed by experts; the nutritionists, the public health workers, and housing experts, in addition to the sort of quasi-standards that have been developed because of the very extensive use of medical care insurance including the development of the contract coverages in the group policies that have been worked out with the unions and with the employee and employer groups. All these form the basis, in all of our budgets.

Our lowest budget, for example, meets the basic nutritional recommendation of the National Research Council on Food.

We work with the Council, the outside experts, and when information is available to these people on changing these standards, the BLS reflects these changes. Our responsibility is to take these standards worked out independently and adapt them to lists of goods and services which we can price and add up their total cost.

As I said a little earlier, one of the difficulties of this procedure is that you must have a set of weights, and you have to publish them in detail so that people who are working with them understand just what the cost really means in order to interpret it.

One of the dangers is that somebody will take a particular item and, say, a particular family needs this amount, when they may not be able, for various reasons, health reasons, particularly, to have this average recommended allowance, as shown in the USDA plans. The consequences can be pretty serious, of course.

As an overall statement on food, we worked closely with the Food Department of the Department of Agriculture, and their plans are revised to incorporate the most recent information on nutritional requirements.

The adjustments will be incorporated into our budgets. We don't plan, however, to introduce different descriptions of consumer preferences for food until we find the regional food preference patterns from a household food consumption survey.

The housing and transportation components as you say, have been particularly troublesome in public assistance, because you do need different details.

Our housing standards do meet minimal standards as set forth in public health and housing documents. We take these basic standards and through surveys we identify units which meet these standards and then get the cost and the fuel and utilities requirements to meet the health standards for temperature and what have you.

We then incorporate these requirements into the budget to reflect the actual situation. For example, in the modern standard four-person family, the home owner's costs carry 75-percent of the weight in the budget and the rental costs carry 25-percent.

However, in answer to our Advisory Committee, we have shown the rental costs separately and the owner costs separately. They also can be put together in a variety of ways.

The other item raised--I believe you raised, Mr. Schneid, about the possibility of combining these three budgets--as I said earlier, the lower budget was developed primarily as a benchmark for public assistance primarily, but for all assistance purposes.

I am not saying that the higher and lower budgets do not have a place in your program, because the special fee setting agencies have used extensively not only the intermediate budget but the higher budget in arriving at appropriate fees for special emergency medical care.

As to the question about standards imposed by State legislatures for assistance being more compatible with our employed family budgets, I think that the Bureau of Labor Statistics will always have to cleave to the framework of a set of budgets which reflect the prevailing practices of employed families.

I think this is our mandate in terms of developing cost-of-living data. However, the consumption totals within budgets can be identified by excluding contributions to persons outside the family, personal life insurance, the social security deductions, and the total personal Federal, State, and local taxes. The consumption totals, of course, include some costs of employment. In the Monthly Labor Review for April 1969, an article shows how these costs of employment can be taken out and how they effect the particular levels of consumption shown in all three budgets, but primarily the lower budget.

The other thing is that our budget is a maintenance budget. It assumes long-term family maintenance, and I know the caseload for public assistance has all of the temporary and all of the in-and-out aspects.

This, I think, is a conceptual and procedural, almost policy question, which the public assistance people will have to wrestle with, and then after you have come to a conclusion of what is an appropriate distinction between the temporary needs and long-term maintenance needs, the BLS, I think, can give some assistance on how our materials can be adapted or what additional or supplemental materials are needed.

The problem is bigger for a four-person family, and how you adapt this to the actual family type is something that Mrs. Brackett is going to cover.

For the temporary problem, you can adapt the lower budget as a base. For fully supported families you can reduce their food expenditures and not threaten their nutritional standards in the long run.

Also the lower budget includes only rental housing, but a temporarily unemployed homeowner can't stop paying his principal and interest. You might use the lower budget for some of the components for a homeowner's temporary unemployment situation, but incorporate some of the intermediate budget or the higher budget for what is referred to as nondeferrable expenses.

MR. BLOOMBERG: Thank you very much.

Let me just mention one thing that I neglected to do on the generic questions that Mr. Kovar raised, and that is the work being done on the nutrition study by Public Health under the leadership of Dr. Arnold Schaeffer. We will have, I think, some very significant data in terms of food intake, at least, and food purchasing habits, directly related to a clinical examination of the health state. I should have mentioned that but didn't. I think it is a very important development and may have some effect ultimately on the minimum food requirements.

Jean Brackett I have known much less time than Helen Lamale, but I certainly have grown to appreciate her fine technical abilities and the way in which she attacks problems, and I certainly think she is well known to most, if not all, of you, having done extremely important work in this field.

Jean C. Brackett, Chief
Branch of Standard Budgets
Bureau of Labor Statistics
U.S. Department of Labor

In anticipation of what the statement of needs might be, I chose to organize my response around the ten questions that are related to the family-equivalence scale, because this is the area in which we receive the most questions. The answers will, I believe, touch on a number of points that have been made by Mr. Schneid and Mr. Kovar.

The first question is can the equivalence scale values be used to estimate the costs of consumption components, such as food, shelter, clothing, and so forth?

It is with a mixture of pleasure and pain that I realize that there are some people who do read our reports closely enough.

In one volume we are saying that the lower budget will be most useful to public assistance people at the aggregated level. Then, when they turn to the problem of estimating costs of other family types, we caution them that they cannot use those scale values to estimate the component costs.

In other words, we do have just total consumption costs for all family types except the four-person family, and the retired couple. All we can say is that this is one of the most crucial areas of needs so far as continuing research is concerned, because the need for estimates for the different components is very great.

The other question is whether the scale values are appropriate for estimating the equivalence costs at various levels of living for different family types. That is, can you use the equivalence scale values on both the base budget costs for the lower, moderate and higher budgets?

The answer is yes. The scale values are based on the premise that families spending an equal proportion of income for food have attained an equivalent level of total consumption. If this premise is accepted, then the scale values can be used against the three base budgets. This is another area in which additional research is needed, but I think that it will be a long time in coming. As a pragmatic matter there is no other alternative to using those scale values to estimate costs at different levels.

Two questions that I have noted here have not been touched on before. They relate to whether there is a way of estimating total budget costs before tax requirements for different family types at different income levels. In Bulletin 1570-2, we could have had a supplementary set of scale values that could be used to estimate total budget costs, but there are deficiencies in those scales. There really isn't any satisfactory way to get this kind of an estimate.

The scale values that we have were based on the calculation of Federal income taxes for different types of families that they would be required to pay at a moderate level of expendable income in 1966. That is income equivalent to the intermediate budget, including all components for the four-person family.

We think that the values will give a reasonably accurate estimate for levels, lower and higher than the intermediate budget, but certainly not substantially lower and higher because of the tax regulations.

Calculating the taxes for different levels is very time consuming. What makes those values outdated is that the change in the calculations were based on the 1966 tax regulations, so the 10-percent surtax is not reflected in that. (This is kind of a cautionary note if you are using those scale values for before tax income.)

We have many questions on the cost of adding a child to a family, or of estimating costs for larger families. The scale can be used to estimate the increase in annual family consumption costs associated with the addition of a child. However, even within a comparable level, the increase will vary not only with the age of the additional child, but with the age of the parents and the ages and number of other children in the family. For example, an addition to a family of six would add $950 at an intermediate level, but only about two-thirds of this amount, $650, to the requirements of a retired couple.

However, as the result of age alone, the older couple's needs would require almost $800 more than the living pattern of the younger couple. So if you put those two factors together there really isn't any way to separate out what the cost increase is that is associated from the aging of the couple. Basically, the family unit and family costs are such that when you try to break out an individual item from this context you run into problems in estimating what that child costs.

Related to the question of adding a child is the question on the cost of raising a child. I don't know whether the interest is just theoretical or what, but there don't seem to be many people who want to know this over the whole life cycle, and usually when they do they have no understanding of the implications of the question.

The answer is that you cannot derive an estimate of the cost of raising a child from our equivalent scale values, even by subtracting the pieces and adding them together again. They are point in time estimates, at best, and, as you know, it takes time to raise a child.

How can comparable living costs be estimated for larger families with four or more children? This is another question for which answers, authoritative answers, are sorely needed. I have just indicated that you can get some kind of a rough estimate of adding a child in a specific family complex, but this is not the same kind of answer that you would get if you tried to develop a budget for a larger family. And in the area of welfare this is certainly one of the major needs.

But the basic material is not available that would be needed to establish what the genuine economies of scale are in adding to the size of the family.

Our own samples of expenditure data, for families with more than four children, have not been large enough to permit us to do research on this particular problem.

Three questions involve the addition or subtraction of an adult from the family. Can the scale values be used to estimate adjustments in spending income requirements resulting from the absence or loss of one parent?

We have calculated values for several one-parent families with one, two, three, and four or more children. The age group of the parent is specified but the age group of the child or children is not.

In the attachments to this set of questions, we have calculated the scale values for two-parent families, collapsing them to make them comparable to those with one-parent families.

In other words, we eliminate the ages of the children. The data indicate that income requirements for one-parent families, where the head is under 35, range from 35-percent below, where there is only one child in the family, to only 2-percent below, where there are only four or more children in the family. The range is sufficiently wide to suggest that this is another area in which we need more budgets and more complete budgets in order to have really reliable answers.

How are a couple's living costs affected by the death of a spouse? Well, according to the scale values, the loss of a spouse at a young age, say under 35 years, will reduce equivalent living costs by barely a third. Since, in general, the surviving spouse continues to maintain a similar standard of living. On the other hand, the loss of a spouse after 65 reduces equivalent cost by almost half, since the surviving member will probably make more radical adjustments in his or her manner of living.

The adjustments at various age levels actually decline from 71-percent under 35 years, to 60-percent in the middle years, to 55-percent at age 65 and older. A corollary to that question is what do the scale values reveal about the cost of getting married?

The data indicate that the economic advantages of getting married decrease with age. If you are under 35, you can do it for only a 40-percent increase. But if you are thinking of it as a way in retirement, the costs will not quite double, but be 80-percent as much.

The scale values are an interim step in providing information on living costs for a family type other than four-person or the retired couple, but they are not a substitute for additional research in this area.

I can't resist commenting on that philosophical problem that Mr. Schneid raised. At best, if you use the scale values, you will come up with adjusted costs in the same context in which we developed the base budget. Whether this is really adequate to serve the needs of the public assistance is certainly a big question in my own mind.

The point has been made that we do have to cleave to this concept, and I wonder sometimes whether we are not stating this too subtly. Certainly, as a research agency, BLS is not in a position to go out and define what the needs are for public assistance budgets. But we do have the know-how, I think, to develop estimates of living costs and I'm not sure that they can be just shaved down from the concept of a self-supporting family.

If what you really are struggling with are estimates of living costs for one-parent families, when there is not an employable person, when there are unusual levels of sickness, when there has been no history of a better way of living, and there is a completely different inventory picture so far as housing and clothing functions and all the other basic needs are concerned, I think you are not going to come up with the right answers by shaving down the costs, that is, adjusting the costs for different family types that are based on costs for a self-supporting family.

It is up to you to state the need, but I think we also need to make clear that there are two different concepts involved here, and the one cannot substitute for the other.

MR. BLOOMBERG: Thanks very much for illuminating some of those very dark areas I have been wondering about for a long time.

This has been a very well-planned program. You have heard about the needs, some of the answers, and now you are going to hear from someone who is trying to bring the needs and what answers we have together, Gertrude Lotwin, who is Chief of the Assistance Standards Branch of the Social Rehabilitation Service within the Department of Health, Education and Welfare.

Mrs. Lotwin is eminently qualified to speak on the subject because she has been a distinguished member of the Advisory Committee to the Bureau of Labor Statistics on the formulation of the budgets, and is now engaged in working with State and local governments on the actual application and development of standards.

Developing State and Local Assistance Standards

Gertrude Lotwin, Chief
Assistance Standards Branch
Division of Program Payment Standards
Assistance Payments Division
U.S. Department of Health, Education and Welfare

This morning, when someone spoke about data processing and the machine not being able to take in all the data, I wondered if someone forgot to tell the machine that a family at any income level is not typical. Today we find that it is being continually balanced by the social and economic evolution of our time. Family life is not simple.

How much assistance is enough and for what? It is really the financial measure which defines income eligibility for the categorical assistance programs and the amount of the assistance grant. So the heart of the matter is money. Let us not forget it.

Are we sufficiently sophisticated today to recognize a basic income for living, for the essentials of living for families? Ask yourselves. Are we sufficiently secure to leave to families the management of their money? Are we sufficiently knowledgeable today to identify the causes of mismanagement and mistreatment? We need to know those answers.

In accordance with both the Social Security Act and the laws of each State, each jurisdiction has the responsibility for establishing standards of assistance, in accordance with the law as far as practical under the conditions in the State. That language is very important.

The regulations provide that the standards must be in effect in all political subdivisions of the State. They must be expressed in money amounts. It is further required that the determination of need and the amount of assistance will be made on an objective and equitable basis, and all types of income will be taken into consideration in the same way, except as where otherwise specifically authorized by Federal statute.

Thus today, there are well over 50 different public assistance standards for each program. There may be different standards of assistance by program, each State within the conditions recommended as practicable within that State must define the measure. Since regulations require objectivity and equity, they must define these money amounts in order to purchase, as defined by the State, a minimum but adequate level of living, a low-cost but adequate level of living, a level of living for decency and health, and a level of living for subsistence.

The public welfare agency, does have an accountability. It has accountability to the people it was created to serve, and they have accountability to the taxpayer. The very reason for their existence is related to the measure that they define as standard.

Since tax monies are used to operate the program, they control the measure. The decision of how many dollars to give to the poor or to give to eligible assistance recipients often negates the very purpose of our public assistance program. After 18 years I still want to see a social service rather than an empty belly.

Basically, the profile of the standard means this: the agency must identify what items of living they deem to be essential for their standards, and hopefully it would be in the year of our Lord, 1969, and not in any previous year.

This means that the level of their living obviously is in the hands of the developers and perceivers, their social and economic conscience. It also must be limited by the social and economic community they serve, the taxpayers' dollar.

Once the agency has identified the components that it deems essential for a certain level of living, it need to identify the quantity and the quality of these items. And once it has described quantity and quality, then it needs to price it.

Obviously, the dimensions of this standard will vary by the kinds of people it serves. They have been identified before, the family size, the children.

The last clue to the standard is the price. There must be an objective identifiable means of determining the cost of the standard. Obviously, since these money amounts measure income eligibility and they measure the amount of the grant, a great many lives and a great many dollars rest upon these determinations.

Once the agency has determined the cost of their standard, they may have to determine if appropriations are sufficient to enable them to meet the standards so carefully defined.

If the funds are insufficient, the agency may make a decision, if not already mandated by the legislature as to what percentage of its standard it can meet in accordance with monies available. Currently, about 27 States are meeting about 100-percent of the needs as defined by that State.

But really consider the vastness of the problem of State standards of assistance. The adequacy of the content of the standard is valid only as it applies to current levels of living. And only as valid as if it had been developed in isolation of the value of the perceivers.

The cost of the standard is only as valid as the skill of the pricer. The content and the costing and the development has no pertinence to the applicant for and the receiver of the assistance if he is to receive less than 100-percent of his need.

Actually, the validity of any standard of assistance can be tested only when it is applied to eligible recipients without income. And when the standard is further eroded by established maximum numbers, the adequacy or the basic content of the standard has no validity.

For the same size family in composition, one jurisdiction may seem to be meeting 100-percent of its standard at $144, while in a neighboring jurisdiction they meet 50-percent of their standard and grant $158.

There are those of us who say the recipients of public welfare do not have the wisdom, ability, and know-how of using money. I say the poor have had the actual task of evaluating the public assistance grants in terms of day to day living.

We have built budgets and standards by various means. Have you ever dismantled a standard budget? I ask you to take a standard budget and dismantle it, and it might be called a formula for hunger and malnutrition.

Take any State's money grants for a family of four without income, subtract that State's actual standard for shelter. This is the raw cost of the shelter. The remainder obviously is for all the other items of living defined by that State.

What measure for food, clothing, utilities? Let's not garnish it with any of the nonsensical items as recreation, transportation, reading, school supplies, household supplies, house furnishings.

But let us assume, if it is 36-percent for food, that it will be 50-percent for all the other items of living.

In 35 States, based on the April 1968 data, there is provided less than eighty cents per person per day for food, or about twenty-six cents a day per meal. I ask the most knowledgeable of you to provide any growing child--and it does take years to raise a child--to provide this child with an adequate diet on eighty cents a day, not for one day, but for 365 days a year for the 18 years of growing.

The principles of uniformity and objectivity and equity sound good, but they must serve a purpose in a capable kind of way that finds a way from the hard question of defining the assistance level of eligibility.

There exists a belief that we can not and should not undertake the problem of a national standard because of the vastness and complexity and the smallness of our existing tools. A national office of regional assistance should be established. We need to lay bare the facts about recipients of money.

The time seems right to clothe the statistics pertaining to public assistance with honesty and with the existing data now available from the BLS.

For the items of living I see no reason why they cannot go back to the consumer expenditure studies if they are not sophisticated, ready and willing enough to use the low earner's wage budget and select their items.

It is not difficult to establish a standard. The difficulty is in the decisionmaking process. Some of you have been consulted by State agencies.

The 1967 amendments to the Social Security Act required the AFDC plan, and by July 1st of this year the State's standards of assistance for AFDC will have been adjusted to reflect fully changes in living costs since such standards were established.

Now, remember, up to this time there has been nothing in any regulation that required states to adjust their standards of living. Some States have had this in their regulations, but it has not been a requirement.

The requirement by law as of July 1st of this year is for AFDC only. The law also states that any maximum numbers that the State imposes on the amount of aid paid for families will have been proportionately adjusted.

In such adjustments, a consolidation of the standard may not result in a reduction of the content of the standard. In the event that the State is not able to meet in full the need under the adjusted standards, then the State may make reductions that will be uniform. If the State maintains a system of dollar maximums, these maximums must be proportionately adjusted in relation to the updated standard.

We have interpreted this to mean that if any State made their adjustments of AFDC after January 3rd, when the President signed the bill, of 1968, this would be sufficient to be in accordance with the 1967 Amendment.

To implement this requirement, states must know when the standard for each of the items was last reviewed. Since expert pricers are not available in State agencies, one of the best methods is simply to interpret this as a change in the purchasing power of the dollar using the consumer-price index.

My last plea to you is that we have administered anemic assistance programs far too long. I couldn't agree more that public welfare in itself is not a cure-all for all of our social and economic system, but it could provide monies in a sufficiently honest and objective method to enable eligible persons to purchase a low-cost level of living that has been adequately and decently defined.

We have been meddling around much too long. Static assistance standards have helped to create some of the ills of our society. Those of us in public welfare need the help of all agencies if we are to be persistent for positive translations of essential standards of living into dollar-action. Public welfare cannot do it alone.

It is true, it is not easy, and the development or establishment of a national standard will take wisdom, it will take courage, it will take the cooperative effort of every one of you.

It will require a surrender of our private, shortsighted values; it will require a surrender of sectional self-interest programs. We will need to have effective, organized effective cooperation between Federal and State agencies and between all agencies if we are really to bend our minds to the acknowledgment and achievement of a creative, meaningful, and economic family of man for man.

MR. BLOOMBERG: Thank you very much, Miss Lotwin, for an extremely interesting and provocative speech.

Several people have asked me who the representative of the Bureau of the Budget was who would comment on the costs of some of the suggestions made, and I am not going to do that because time is short, but I just want to say that it is highly important to recognize that social research is a very, very, expensive undertaking.

Then I think that the members of Congress and the members of this Bureau itself do not fully appreciate the costs. The cost of a telescope or a cyclotron is given a slight thought alongside appropriations for reasonable social research, particularly in the terms we need it today.

I want to throw the meeting open for discussion. Will you address your questions to Mr. Schneid, Mr. Kovar, Mrs. Lamale, Mrs. Brackett, and Mrs. Lotwin.

Any questions or observations?

UNIDENTIFIED SPEAKER: I have a question for Miss Lotwin. In her discussion it seemed to me that she passed over rather lightly the question of developing the State standard, and her point was more, it seems to me, that it is really not too difficult to develop such a State standard.

The problems come in terms of the judgments of the individual State people in making decisions presumably of what should be in and what should be out.

Let me ask this question: Does HEW provide any guide to the states for developing these standards, and if so, what reference, if any, is made to the BLS budgets?

And secondly, I just wanted to confirm my feeling that the issue of developing the standards is a relatively minor matter in her eyes. So that, in terms of some of the problems that were raised earlier, the equivalent scales, moving from this kind of a family to a one-parent family, down to a maintenance level, these things--as far as she says, they are relatively minor points and it is not particularly necessary to resolve them in order to meet the question.

MRS. LOTWIN: To be very honest with you, I have consistently referred the States to the Regional Offices of the Bureau of Labor Statistics for help and advice. Some of you may have had that reverberate back already.

The States' standards of assistance: there is ample material today from the BLS consumer expenditure studies and from the Department of Agriculture, that a State could make a decision.

The hard fact of it is, and it's true of all society, is that we hate to face up to the actual dollar cost of what really is enough, so that we try to shave it in various ways.

I think you can help them to be honest in identifying this as the dollar cost. The sooner we get to an objective, identifiable, honest standard of what it costs to live--and then if they have to make that percentage reductions, I would much prefer it be made on an honest standard than a standard that did not have a sound basis.

Now, the equivalent scales are standard size. They can use materials from BLS or develop their own as to how they do it. If I appeared to skip over it lightly, it is perhaps because I know the responsibilities of developing the standards rests with the States, and we have to operate very carefully so that we do not dictate to the States what the standard of assistance should be under present regulations.

We can give them guidelines, and I think the low-income level budget is a valid guideline. They will have to make some decisions here.

They may not wish to take the food item that we give. They may wish to go to the Department of Agriculture and put in their own food item.

Clothing is as personal as your tastebuds. And it becomes a very difficult standard, and subject to a great deal of subjectivity.

Most people will agree that the body has to be clothed, but the question is, how much. Most people will agree that we ought to have a roof over our head, but people in few states are willing to identify the housing standard.

There is ample information available.

Does that help you?

Mr. Schneid wants to give an answer to that.

MR. SCHNEID: The mayor doesn't like it, the clients don't like it; she didn't mention HEW people quoting the rules.

I thought I would just add one point. I can only speak for my State, but I don't think we are the only state.

We use the word "standard." Now, that is something you publish in a book for the worker to use that says the amount of money the States have. That is one definition.

The other definition is: what we have figured out as to what the person should have, and we can get a little slippery getting from one meaning to another.

It may be hard for a State to get a standard on the books that is fair because of political considerations and reluctance and this and that.

I don't believe this should stop any sensible person from creating a target, publishing that target, enlisting the aid of a client group, or a citizens' group or any group that you can, who will say, "I don't care if only half of the money is there. We are all agreed this is what is needed." For the past three or four years we go to the legislature with a full budget. We went to the legislature with $50-million for shelter.

The $50-million would pay every penny that we know our clients now pay. Utilities and shelter: that $50-million is on top of what we are now getting. This was the increase. I don't have any hesitation in saying we know what they need. We got $2,500,000. That is the standard on the book. That is the one that is in the manual. That is the one from which we will draw the client's money.

But as we talk about standards, I think it is important that there really isn't anything to prevent us from saying what should be, listing it; and let us see what comes out in the book, and what it is.

MR. HARRY J. WAISGLASS: I have learned the last few years that there is nothing that frustrates the public administrators more than when they ask the statisticians a simple question and they get back a complicated answer. And this seems to be happening here.

What are the particular uses of the three levels of budgets, particularly the highest one?

What kind of policy questions do these three different budget studies or levels help answer?

Is that highest one really necessary in terms of order of priorities and in terms of kinds of problems that face the policy makers?

Might not their resources have been put to measuring some of these different levels of living being used more effectively to make requirements in one particular level of living, the minimum of living, so it could answer different kinds of questions that policy makers and program administrators have?

There are quite a number of them, not just in terms of setting welfare levels. How about employment levels? How about income tax levels? How about trading allowance levels? How about minimum wages?

Minimum wages are pretty important from a political point of view, regardless of what the minimum says. If the minimum wage is a hell of a lot below that you are not going to get your budget studies determining what your welfare is going to be. It is more what the minimum wages are in your State or province.

I am not trying to answer my question, just trying to elaborate a little bit. I can see some of these important areas where budget studies can be useful.

Now, could you tell me why you have done three levels of studies, and how they can be used? What are the applications, particularly of the highest level?

MR. BLOOMBERG: That is a pretty tough shot down the third-base line.

MRS. LAMALE: The question has been asked before. May I just say that I think your answer to your own question is just exactly the thing that researchers struggle with.

These seem like deceptively simple questions, but, as you have seen from this morning, every simple question has a complicated answer.

There are a variety of uses for the three levels, particularly for the lower. But you have to remember, a lot of our programs such as emergency medical aid, long-term medical care for retarded children, or the college scholarship fund deal with people across the whole income scale.

And where a particular special level was imposed upon them and would mean a reduction in standard of living, as far as the higher standard in concerned, it was also requested by many people who wanted a whole range, points on the curve or scale of living, that could be used in general economic analysis.

After all is said and done, somebody is going to have to take the programs at the lower end. What is the cost to the higher end of the distribution? How do you divide the pie, in other words? What are the fair allocations of costs among families at different economic scales?

But budgets do provide the only national basis for area differences in living costs. And these higher budgets, particularly, are extremely important in terms of management and employee negotiations on a transfer of location.

The companies want to know what are implicit in the cost of relocating a plant, for example. And the employees want to know what are the costs implicit in being transferred from one place to another.

Now, there are limits in our budget as it is presently designed in terms of the use of the higher standard, inter-city comparisons for actual transfers for temporary situations--but they provide a pretty good base for evaluating the whole, the three budgets, the whole range of differences.

And, if you look at the compartments of living cost indexes, based on the lower standard compared with the middle, this was a statistic that the OEO wanted desperately to know in the whole question of whether you should have a single poverty benchmark or whether the poverty line for the allocation of resources should be adjusted by area differences in living costs.

We had only a single modern standard. We know that the average range was about 26 points. It is for the policy makers to decide whether that is a big enough range to develop a national standard on.

But the moot question is, as far as the OEO, would that range be lower or higher? Some people thought it would be substantially narrower. Some people thought it would be substantially wider. It is slightly narrower, as we would expect, something like 20-percent as against 24 in the percentage points, in the case of the moderate, and 30 percentage points range in the higher standard.

MR. CHARLES A. PEARCE: Mrs. Lamale didn't pick up the question about the utilization of budgets for minimum-wage purposes.

I know that among the recommendations of the 1963-1964 Advisory Committee were that a budget be developed for the working woman, particularly for minimum wage developments at the wage level.

I assume that the BLS has some kind of a policy with respect to that particular recommendation.

MRS. LAMALE: We had not only the BLS Advisory Committee on this, but we also had a Women's Advisory Committee on this, and the recommendation was that in revising the four-person family and retired couple's budgets, that we add the single working woman. This was our long-range program planning beginning in 1964, and I think it has been in every Bureau recommendation since.

What I am not sure of, and maybe Mr. Henle can say whether it has gone out, but either at the departmental or budget level it was given a lower priority. The program we came up with has the first two priorities of the BLS Priority Committee.

MR. ALFRED M. SKOLNIK: (Social Security Administration) While you are talking about other proposals, has any consideration been given to the family that has three college children going to school?

MR. BLOOMBERG: I don't think there is a good answer to that one. We want to reserve a few moments to let any person on the panel make any further observations.

Mr. Kovar, have you anything further?

MR. KOVAR: I might say a word. One thing that always happens when you are asked to shoot for the sky is that you can't help but make people defensive, and I didn't detect much of that in the Bureau.

I think some of the explanations of what is being done are really very gratifying, and I think every one of us, including myself, knows that you don't get Congress to put out money for the kinds of things I was asking for very easily.

And this, of course, is a matter of national priorities, which we won't get into here.

And to have a concept up there, hanging up there as a little bit of an aspiration, is a good thing. So it is unfair to hook all this data need to the BLS.

There are Federal agencies, too, that theoretically should be involved. But in a sense the BLS is now in the field, known in the field, and has been working at simplifying techniques in a different way from the Census Bureau and the National Health Survey.

But the BLS has it for the large metropolitan areas, and the concept of an on-going research output from a given validated sample for things different from what was originally conceived, is, in my view, a very interesting and appropriate idea to consider.

Thank you.

MR. SCHNEID: This is on the business of giving a simple answer to a simple question. We already have the cost of food at home, which gives us two breakdowns for different family sizes at least.

It may be very hard to say about clothing or personal household maintenance items what the figure would be for a different family size. But I really can't believe it's all that hard to tell. I can only speak for myself. Does clothing go down as food does? If four people live together, do they need less money for food than if they lived separately?

In the same instance, would these four people need less soap if they lived together? Would they need to make household detergents go further? Either yes or no.

I will risk not having the right amount of money, because if I would have some guide that I would take some items and scale them down, and these items are items with which you have a wealth of experience, I will risk having the wrong figure perhaps, but I will be very glad to have the clothing of four by four, and that is the clothing for one. I will do the derivation. Even a simple guide will be of help to me. Perhaps there is something along that line which you might straighten me out on.

MR. BLOOMBERG: Miss Lotwin, a final word.

MISS LOTWIN: I will only say this: I am always interested in the dearth of mail that legislators at all levels receive at the popular level to improve welfare levels.

MR. BLOOMBERG: Helen.

MRS. LAMALE: There is a bulletin--and I saw it over there--from the 1960-61 survey, which is the Cost of Clothing Per Family Member by Age and Sex. And so you can use ration estimates for that, to break down your totals, if you are willing to gamble.

MR. BLOOMBERG: I will say one final word to Mr. Schneid on the matter of clothing.

I remember a famous labor leader who was a member of the President's Committee on Housing Policy. A proposal was made that they didn't need much because clothing would be supplied by filtering down.

He said he was the youngest of nine boys in the family, and by the time it filtered down to him, he filtered right out of them.

Thank you, ladies and gentlemen.

THE URBAN STUDIES PROGRAM

Chairman: Raymond F. Male, Commissioner
New Jersey Department of Labor and Industry

We have an illustrious panel this afternoon which permits us to address ourselves quickly and seriously to the important subject at hand.

I am going to eliminate the biographical introductions of your speakers, and with no further ado, I introduce Dorothy Newman, who will speak on Dimensions in the Urban Crisis.

Dimensions in the Urban Crisis

Dorothy Newman, Assistant Chief
Division of Economic Studies
Bureau of Labor Statistics
U.S. Department of Labor

It is human nature to act frenetically only when the axe is about to fall. Before that, many notice the signs of impending crises and few interpret them adequately. Popular wisdom is more comfortable, easier, and more accessible than objective analysis.

Now we have what is known as the urban crisis, which, in fact, has been galloping this way for decades. It is composed of many reinforcing conditions, the most powerful of which are results of the Nation's affluence.

Demonstration, riot, and frustration in cities have origins *not* among the poorest and least educated, and *not* among those with jobs. Most of the poor are outside of cities, and the poorest of all live in the country where lack of money, poor education, indescribably bad housing, malnutrition, unemployment or underemployment are most persistent.

That is the clue. The poorest of the poor are the most helpless, the least likely to create a crisis today. But *some* day, as prospects improve, a man looks around and sees he can look up--he demands what he is denied.

I have selected only a few items from the many dimensions in the urban crisis to discuss today. Among the general forces involved are, for instance, those of demographic, social, economic, psychological, political, and institutional origin. They are the result of shifting ages and mixes of population; of inter-regional, rural-urban, city-suburban, and intra-city migration; the attitudes of the comfortable toward the aspiring poor; the changing situation of minorities, especially of the black man, in America and the waves this is making. They are the result also of the variability with which major institutions change to cope with new challenges. These challenges include the need for more and better quality education and other public services, such as medical care, clean environment, convenient transportation, good housing and neighborhood, and economic security. We must meet the issue also of many more workers with high school diploma in hand who want and deserve more than a menial job at low wages.

I can only touch lightly on some of the difficulties arising from the lag in recognizing the significance of change--in people, their work and wages, their origins and schooling. Sometimes I emphasize what the crisis is not, rather than what it is.

Work and wages

For instance, the crisis right now is not chiefly in unemployment. It could be if unemployment rates rise. Jobs have gone begging in the 1960's, especially at the lowest and highest ends of the occupational scale. The job market has grown so tight (and this is good) as to entice millions of adult women and teenagers into the work force--many more than would have entered otherwise. This is not a time of the "discouraged worker" who cannot find a job, but of the "discouraged worker" who is expected to work full time at low wages and with little or no chance of advancement.

Last month, a total of 2.3 million persons were unemployed in a labor force of over 83 million. Of the 2.3 million, over half had been unemployed less than 5 weeks, not quite half a million had been unemployed 15 weeks or more, and less than 150,000 nationwide had been unemployed over 26 weeks.

For various reasons, the median family income of the unemployed is substantially above the poverty level. Many, such as wives and teenagers, are supplementary earners; many receive unemployment compensation; and many are in industries such as construction, auto and aircraft assembly and parts manufacture, in which wages are good but regular periods of lay-off do occur.

Among all black workers in major American cities, the annual average number unemployed in 1968 ranged downward from about 30,000 (each) in Chicago, Los Angeles, and New York to about 10,000 (each) in Cleveland, Pittsburgh, St. Louis, and San Francisco. These figures include all the black unemployed in these cities--men, women, teenagers, the elderly, and the short-term as well as the long-term unemployed. We want to see these figures lower still, but by themselves, they are not scare figures.

Much of the discrepancy in the unemployment rates of whites and blacks in cities, and between low-income and other city neighborhoods arises from differences in labor force composition. Women and teenagers--who are most vulnerable to unemployment--are a larger proportion of the black than the white labor force and a substantially larger part of poor than of other neighborhoods. These figures tell more about the work orientation of the poor and the black--their aspiration and motivation--than about alienation, frustration, or crisis. The slogan goes "I fight poverty--I work." This contains a cruel and unjust insinuation. Most of the poor who are able, do work, and especially the black poor. The slogan is a symbol of the kind of misunderstanding that creates the divisiveness which is one of the root causes of crisis.

Are the rural migrants responsible? According to a recent study of migrants to Cleveland, prepared for the Manpower Administration of the U.S. Department of Labor, it was difficult to find enough migrant families in need of employment services. To quote, "There are sizable numbers of Southern in-migrants in Cleveland, but they are less concentrated residentially than we had expected and far fewer than anticipated are unemployed, receiving less than minimum wages, or working only part time. . .The hard-core, problem-ridden unemployed migrant certainly exists, but he is in the minority." In addition, the study found that "the Negro migrants--both men and women--were considerably better educated than other respondents" and "compared to the general population in the States from which they had come, the Negro migrants in particular were a well prepared group." [15]

Preliminary data from the Bureau's study of very low-income neighborhoods in six large cities (the 1968 Urban Employment Survey), suggest that annual family income (taking size of family into account) stands well above the official poverty level and above the Social Security Administration near-poor level. In fact, it may be close to the BLS lower-than-moderate budget for a metropolitan-area urban family in 1967.

Why aren't these incomes at the poverty level? The areas surveyed are among the most famous slums in the Nation. But we have to remember that the Bureau's report on 3 Standards of Living revealed that to live at the moderate level in 1967 cost 40-percent more than in 1959 and that the change was chiefly in the standard rather than in rising prices and taxes.

The rise in standard amounts to about 3 or 4 percent a year according to our living conditions experts. If we continue to use a standard designed in 1963-64 for assessing today's poverty, the poor are extremely poor; the near-poor resent national efforts to help only those who are in direst need; while the poor, by newer standards, lack the security necessary to meet unanticipated heavy outlays for medical care or other necessities. This is a case of cultural lag and political myopia. While the wealthy remain at least well-off, the seemingly lower middle class becomes poor, by our standards. We use a foot to measure a yard and wonder why it doesn't reach.

Let us set aside for the moment the greater weight of standard than of costs, and compute the cost of taxes alone at today's rates. We find that annual earnings of $3,300 to $4,000 are reduced by about $175 to over $300 after Social Security and Federal income taxes. At these low earnings, Social

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[15] Laure M. Sharp and Gene B. Petersen, The Cleveland Southern In-Migrant Study: An Overview (Washington, Bureau of Social Science Research, Inc., 1967), pp. 16 and 19. Also, Laure M. Sharp and Gene B. Petersen, The Cleveland Southern In-Migrant Study: Highlights From the Survey Data (Washington, Bureau of Social Science Research, Inc., 1968), Working Paper 2, pp. 12 and 13.

Security taxes are greater than income taxes. This takes no account of State and local income and sales taxes. All of these affect low earners much more than others and reduce disposable income sharply. In other words, relatively much more is taken away from the earnings of the poor than from others.

This gulf is very wide between the rich and the poor in the city where the affluence of suburban commuters or high-rise and town-house residents is seen at close hand. This too is one of the dimensions of the crisis.

Living conditions

Conrad Taeuber and his son Karl have provided the demographic facts about the changing city far better than I can. In his recent testimony before the House Committee on Banking and Currency, Conrad Taeuber developed the picture of sharply increasing outmigration of whites and blacks from the largest central cities and segregation of blacks within them. This is coupled with declining population in the poorest neighborhoods which are left less densely settled, but with a disproportionate number of those least able to make a living. These are the places, also, where public services are skimped, where buildings and grounds are neglected, and where public policy decisions permit nonresidential nuisances, such as warehousing, heavy industry, noisy transit lines, throughways, and the like.

The trouble is not in the outskirts of spreading black neighborhoods that have the look of in-town suburbs, and whose residents are using economic and political power to protect their environment. It is among the crumbling structures left in the core, and in the high-priced areas nearby where black families pay dearly to live in densely populated ghettos because housing elsewhere at similar rents is still being kept off limits to them. Lack of choice and mobility in the residential market affects the moderate and low-income blacks much more harshly than the well-to-do.

The crisis in neighborhood and housing is not just about rats, stopped-up toilets, dirt, and noise. It arises from disrespect, humiliating unconcern, political neglect, overwhelming disdain, and senseless fear. How many, aside from those who live there, realize that a ghetto is not a slum, and that neither one is created by the residents alone but by those who finance, own and service real property and enforce property law?

Solutions and the Role of Research

Lincoln O. Lynch, Executive Vice President
New York Urban Coalition

Ladies and gentlemen, after Commissioner Ginsberg and Mrs. Newman, I don't think I have much to say to you this afternoon. They have very clearly delineated the problem and even suggested some steps which you, as statisticians and government officials can take in meeting this problem. I would just like to make some very brief observations.

The New York Times and the readers of the New York Times always breathlessly await the publication of the Consumer-Price Index and various other statistics published by the BLS. However, when it is published, either in official form or in the newspaper, it is as if it has no meaning to the people in the slums and the ghettoes. The implication of a rise in the Consumer Price Index, or any of the other economic indices which set off economic health, becomes somewhat statistical for reading.

I would therefore suggest that perhaps one of the contributions which U.S. statisticians can make is to simplify the presentation of your data so that it can, in fact, get down to some of the people who might be affected by a rise in unemployment or a rise in the interest rate.

Secondly, I think that statistics tend to become somewhat impersonal. There isn't a humanness about the figures which are put forward. They are almost data for data's sake, carrying with them none of the warmth and none of the humanity which we expect, because indeed these statistics are in fact talking about people, not just figures.

Thirdly, I don't know here what role you yourselves can play, but I'm sure that those of you who are officials and who have the ears of members of the administration cannot but look with some alarm on the present controversy raging around the best ways to fight inflation. We see the National Alliance of Businessmen pledging to make available 600,000 or 700,000 jobs by 1971. The same men the other day suggested perhaps the best way to fight inflation is to allow unemployment rates to rise 1-1/2 percent. What they failed to do, and this is perhaps where you come in, is to say to the American public exactly what that would mean.

If my figures are correct, over the entire country it would mean putting 5,000,000 people out of jobs. If you don't know who they are, I know who they are; they are blacks, Puerto Ricans, Mexican-Americans, Indians. I wonder whether your economists should not make their voices heard on this other facet of the urban crisis?

And apart from the present resurgence of the black population of this country, there seems to be an almost forgetfulness swept away in the corner with respect to other disadvantaged Americans. I speak specifically of the American Indian and the Mexican-Americans in the southwest, to say nothing of the plight of the Puerto Ricans in New York City and other eastern cities. I wonder whether, as statisticians, you should not clearly mark out the economic plights of these groups clearly and unequivocally.

We know that the black unemployment rate is twice that of the overall unemployment rate. I wonder whether this figure is in fact accurate. One of the tasks of a conference such as this is to devise means of clearly setting forth the plight of the Puerto Rican in New York and other eastern cities, the plight of the Mexican-Americans, the plight of the American Indians so that steps can, in fact, be taken to correct these very severe problems.

I am somewhat out of my depth in discussing statistical problems with what is patently a group of experts. But I do think that I can make some suggestions. I look around the audience and I see one or two black faces, no American Indians, and one or two Puerto Ricans. Is this such an exclusive club as to make it impossible for members of other groups to become a part of it? What is necessary? You will probably say none applied. This is the old thing we have always heard, or non-qualified.

You know, at Einstein Medical Center they are developing a system whereby doctors are released to do those things which only doctors can do, and nurses are being released to do those things only nurses can do. I am talking about what has become another profession, the para-professional situation. I wonder if everything in this department is so highly skilled and so technical, whether people of less educational attainments cannot fill those positions. I know that has started in New York. Herb Bienstock has publicized a plan to use these para-professionals to collect data, to train them in statistical work so they can go out with their sensitiveness, their acceptability by the various communities in which they go, can perhaps bring back more accurate data than was done before. That is another suggestion I would like to pass on to you.

I think it is imperative that the data which you collect, data which you publish, must all be geared to human needs, to people, not a disinterested, erudite presentation, because the times in which we are living are indeed extremely critical, and many of us are beginning to believe that the Labor Department and the Bureau of Labor Statistics were designed for not people's needs but designed to provide the vehicle whereby labor unions and big government and big business can make decisions to their benefit, forgetting the needs of people.

Well, people are realizing now that the only way that these needs are going to be met is by constant unlimiting struggle, and I would add, by any means necessary.

Louis Levine, Professor of Economics
Institute for Research on Human Resources
The Pennsylvania State University

Thank you very much, Ray, members of the panel, ladies and gentlemen.

My premise is that the labor market economists and the labor force statiisticians have failed to play the role that they should play in the resolution of the problems of urban poverty and racial minorities, the development and utilization of urban areas, and in failing to do so have probably contributed unintentionally to some of what Mrs. Newman has so aptly described as the urban crisis.

Mrs. Newman made a number of statements about the elements that give rise to dissatisfaction, to revolt, to riot, to violence in the urban areas; and largely it is the disparity between groups, income levels, life styles, and so on.

But I submit that this is largely conjecture, that we really don't know, that this is imagined in terms of the data that we have; but that the data that we have are wholly inadequate to really lead to those conclusions.

I could equally make the claim that the riots, the violence, the unhappiness that exists in the urban areas is a testimony to the great success we have had in creating rising expectations among the poor and failing to deliver in performance what we had given them reason to believe they might expect. And I think that might have as much justification as looking at income levels, patterns of consumption, buying habits, and so on.

What I am getting at is essentially: We don't know. Now, it strikes me that we are at a juncture in the manpower activities and programs, the so-called manpower revolution of the 60's, where we can't go on not knowing. We are at a stage where no longer are we concerned, really, about additional manpower policies, additional manpower goals and objectives. We are no longer concerned about additional manpower legislation.

What we are concerned about is manpower performance, delivery of service; and our inability to deliver the service is a reflection of the fact that we really don't know what services are needed, where, and to be delivered to whom, and in what way.

What I am saying, then, is: We are at a juncture when the prime emphasis is manpower, manpower administration, manpower performance. And manpower data must contribute to the resolution of that immediate problem.

Manpower administration and performance can take place only in the local community in the urban area. Until we know a whole lot more about the urban area than we now know, our manpower delivery and performance will not likely measure up to the needs of the times.

Let me give you just a few illustrations of what I regard as part of the problem. The labor force economists and statisticians, coming essentially out of the discipline of economics, wanting the prestige of other economists, have been working with blindfolds essentially. Only recently have they come to be aware of the many other disciplines that must contribute to an understanding of urban poverty. When unemployment is measured in terms of activity, you satisfy the economists, but you don't satisfy the sociologist, the psychologist, or the political scientist.

Let us take the definition of the area. The truth of the matter is that we have concentrated so much on our concept of an economic area and in doing that we have thought we were getting below State and national aggregates and goals, and we have. But the State, the local standard, and the metropolitan area, do not tell us the story we need to know. I am not sure just what the area is that will tell us the story we need to know. I know that we have not defined a poverty area, and I know that we need to understand the poverty area. And by the same token we need to break down the Standard Metropolitan Statistical Area, to understand where the nuclei of job opportunities are and what the problems are of getting people from where they are in the ghetto to where the jobs may be.

I am very much concerned about the compartmentalization and the high degree of specialization which has taken place in each of the categories that deal with human resources and manpower. I don't care whether it is the employment office, the local school people, or the social agencies. Each has its own lingo, each has its own jurisdictional definitions, overlapping, duplicating, making no sense in the urban area. But until there comes to be better inter-relationship among these very special categories and compartments, the resolution of urban problems will not be achieved. And the data that the statisticians must develop must come about through better understanding and utilization of the knowledge that exists in these various specialized categories.

I am firmly of the belief, and I am sure many of you will disagree with me, that the kinds of manpower data needed for the resolution of local urban situations cannot come out of the household surveys alone. Neither the frequency, nor the depth, nor the content will yield the information required. A household survey is geared essentially to the establishment, to an income level that has a degree of stability, the element of a household, a family. And some of the most difficult categories that we have to deal with don't meet these criteria. I don't know what the undercount is or the failure to account for the most poor, the most deprived in the urban ghettos, and I don't think anybody else knows.

And if that is the problem, then what about the rest of it in terms not just of magnitude but characteristics, characteristics will not be measured in terms of activity status--the unemployment, the discouraged unemployment? This again is the traditional concept of unemployment. It doesn't get at the sociological roots of unemployment. Civil Rights have as much significance in understanding this urban problem as we would have from politics.

I am saying that from the standpoint of area, from the standpoint of definition of the problems, or from the standpoint of using resources available in the area that have not been exploited, the statistician has not done his job. When I say, "resources not exploited," I mean the information that's in the case records of the social worker, the information that is in the records of the school, the information that is available in the unemployment office, the information that is available in the juvenile detention center, or it can be the court or some officer in a community, a truant officer or whatever, all of which are highly pertinent, all of which are highly current. They do not add up to beautiful statistical universes. What I am saying is that we have not exploited a vast amount of information that currently exists, and that can throw a great deal of light on the problems in the urban areas.

I am talking about something that is easier talked about than accomplished, and I would be the first to recognize it. The jealousy that exists among agencies is itself a major problem in the collection of data. The notion that data are collected for use in a case kind of approach but not for aggregation and not for statistical analyses is a great barrier. Much of the information in a case worker's records never sees the light of day beyond the case worker.

I had occasion within the past couple of years to do a little work in the North Philadelphia urban slum area, taking some inventory of what is available in local records. And to whom does the information go? What is done with it? I was amazed at how little is done with the vast amount of information that exists. It doesn't add up to the beauty of nice statistical techniques. It doesn't even add up to the beauty of being able to coordinate in such a way that you are overcoming duplications. But it throws a great deal of light on what currently confronts you as a major problem. I am saying that these data need to be examined, they need to be analyzed, there needs to be some provision for coordinating the flow. Here comes, then, one of the major barriers: The fear of Big Brother, the fear of identifying in one area the variety of services and agencies that serve that individual or that family.

Obviously, if you start coordinating on the basis of Social Security number, coordinating on the basis of residence, you are going to bring together information that may disclose a lot of failure, a lot of overlap, a lot of waste that is going on in human resources and manpower agencies today in local areas, and this will be a fear.

Perhaps the single greatest deterrent to the kind of manpower data needed for the resolution of urban poverty problems is that most data are designed, defined, and provided from a national level or from a State administrative office, and therefore are dictated by considerations of national interest. And I say, "national," in quotes because they may mean something to the Bureau of the Budget or Congress, not "national" in the greatest public interest; it may mean national bureaucratic interest.

I wonder what would happen to urban manpower data, types of data collected, definitions of data, frequency with which the data are collected, detailed with which the data would be obtained, if you started the other way around and talked about the use of data at the point where it originates, the local area. This is too infrequently done. It is done the other way. It is the percolating-down kind of approach from statisticians sitting up on high giving too little consideration to what is needed locally, to be used locally on a regularly recurring basis; and it may not be beautiful, neat, statistical packages.

I submit that the situation that is now developing in manpower requires that kind of turn-around. The implementation of manpower problems clearly requires in the first instance that there be an assessment of what is needed locally and how it can best be obtained, and with what frequency and detail. The statistical capabilities, the professional knowledge and competence in Washington and in the State capitols, could best be directed to assisting people locally in arriving at the answers to those problems, because there is a great dearth of statistical competence and professional capabilities in the local area.

I don't know what the Nixon Administration will accomplish if it should move in the direction of a block grant of funds to the States, to go down to the local area without in the first instance having in the local area the kinds of intelligence that are needed for the determining of dimensions, the characteristics, the directions and the priorities which are required in the field of human resources and manpower services for the urban poor and the racial minorities.

I think this is a crying kind of need that the assistance be rendered to the local area, and the by-product be what comes to the State and national government. If most of the data could be used effectively locally, a very large part of the manpower problem, I think, might be resolved or at least ameliorated to some degree. I am not kidding myself that manpower data are going to solve manpower problems in themselves. They are only a first step in the process, but I have a feeling that we have not adequately researched locally what exists, what the potentialities are, what modifications of a relatively minor characteristic might yield in the way of a vast amount of information.

In this connection, I am not thinking only in terms--as I am afraid some statisticians are--of highly sophisticated systems, electronic data processing systems, great storage and retrieval systems. These may be necessary in some of the larger areas which will undoubtedly require the creation of data banks which can be tapped for the variety of human resources and manpower agencies locally--will undoubtedly make a great contribution. But I don't think you can achieve that centralized data approach without guaranteeing the safeguard of the confidentiality of information of individuals. This, I think, may turn out to be the most critical problem, the fear of putting in one place all the information that bears on an individual, whether it comes out of a social service agency or a school or the employment office. Yet, I submit that the problem of protecting the confidentiality of the individual isn't beyond resolution, that it is not an insuperable barrier.

Now, I would like to say that it seems to me that we have the means, we have the know-how, to bring about what I regard as possibly the single greatest contribution that manpower statisticians and analysts can make in the urgent problems that confront the government today, and that is the focus on the local area and the focus on implementation of the answers. Having said that, this does not mean that I am ignoring socio-economic data and their characteristics. That is basic, there is no question about that. But I am also looking at the data that is needed for management supervision and for evaluation and appraisal. and unless they are built into the system from the beginning, then what is your criteria? What are your standards of performance, accomplishment? The kinds of data that will be needed will not be provided nor will they be available where they are needed most, locally.

I was greatly impressed this afternoon to hear Mitchell Ginsberg talk about the need for accountability, a strange thing that social welfare people are now talking about the need for accountability. I heard a few years ago that it was accountability that killed imaginative creation. Now, we have reached a point where we recognize that accountability is pretty important; we must be careful that it doesn't become a straitjacket. It doesn't have to. But in order to have accountability, you must know what your goals are, what your criteria are, what your standards are, and they must be built in locally in the system of information. I think this is not insuperable. I think it can be accomplished. It throws a challenge at us really as meaningful as any manpower statisticians have been confronted with in the last decade. I think you are equal to it if you once make up your minds that this is the problem that needs attacking. I think you will find among the administrators, among the managers, among the officials who have to deliver the service, a great concern for just this kind of information, because, as it is now, they are often flying by the seat of their pants.

Nicholas Kisburg, Legislative Representative
Brotherhood of Teamsters - Local 210

I would like to say that I, too, am going to be critical, and I ought to preface it by saying I am really an ingrate since I am the most successful parasite that ever fed on your back.

But seriously, my love affair--which like all love affairs is a large love/hate syndrome--began ten years ago precisely this month with Lou Buckley, who was then acting Regional Director of BLS. He and I were extremely sympatico. Lou felt that the data gathered by the Bureau ought to have more use, that it shouldn't just rest on shelves, and even if it were grossly misinterpreted, he felt that was something, that people knew there was a Bureau and some data.

Now, maybe if we gave the various agencies enough money we could get the data we wanted. For instance, I'm really carrying coals to Newcastle because I think Lou Levine did it, but I am talking about the trade union pro who has to justify himself. All members are part of the rank and file. For instance, I don't know how the data should be busted down, by East Harlem, Central Harlem, but there is something wrong when the only city in the country for which I can get monthly employment and unemployment data is New York City. I can't get it from Chicago or Detroit; something is wrong.

So when Lou says, "Lets start from the bottom," I say, first give me city data and then Bureau data. This doesn't mean we ought to stop collecting SMSA data. Obviously, the problems are integrated with, let's say, the 17 counties of New York and eastern New Jersey.

For instance, let me give you the best one: A real net earnings gain is of indispensible value to any union that wants to do a good job at the collective bargaining table. So we got a big raise, the construction workers in '65 and '68 had a gross gain of $30.43. The net gain, after increased taxes, was $1.36 a week; but I must confess to you it wasn't precise because the Consumer Price Index I have is for 17 counties. Having said that, the first thing that I as a successful user of data would say is: Get out of that ivory tower and start taking your political bosses on. I shouldn't be doing the net income studies, you should. You are supposed to guide, like labor and management in their negotiations. I am entitled, for my taxes, especially when they ain't going to reduce that surtax for another year, to that information. Those are all the nice words I am going to say. As a matter of fact, I am completely out of character now.

Now, Mitch Ginsberg complained; but I would say to you that maybe Mitch doesn't get the money, among other reasons, because he is a social worker, a social scientist.

Well, this is the challenge. You are not the political decision makers of this Nation or this State, but you have the job, and you are the only guys who know what is going on, really the only guys who can really properly interpret the data and go to where it needs to be said, "This is the problem." Despite the fact that the data are limited, you have to work with what you have.

Another problem, again one that Lou Levine touched on, is about the bureaucratic infighting, and so I'll skip over it. But you know what I mean.

Then, finally, let me say that you may be misusing some of the money you have. I am quoting now from Welfare and Review and from a list of the cooperative research and demonstration programs completed in 1968. Someone at the University of Michigan, let's call him Joe Smith, used my tax money, damn it, for a study called "Longitudinal Study of the Effects of Pre-Retirement Education on the Adjustment and Retirement of Hourly-Rated Workers." What I want to know is who got the grant for the weekly-rated workers? His brother? Or does he get that next year?

I will give you another one done at Iowa State University, also by Joe Smith: "Mode of Withdrawal from Active Occupational Roles by Farmers, Small-town Farmers, Factory Workers, 50 years Old in Iowa." This one is really profound. If I stick a pin in you, holler. The next one is Wisconsin--it all goes into the midwest, what goes on around here? Now, you know, this is really a profound study. This is blazing new trails, something you have never, never thought about: "Effects of Ability, Family Background and Education on Earnings and Careers." Come on, fellows, better you should take the money out here and get drunk.

Two months ago, I did a study on the earnings of workers, union workers in New York City, and demonstrated that out of 24 industries surveyed, 12--this is the average earnings with three dependants--had a net loss in income. I sent it on to the Mayor's people and said, "You know, the Mayor ought to get onto this thing. Maybe they ought to set up a task force." What happened? There was no interest, no interest at all.

Certainly, the most important, the first and most comprehensive study ever made of a ghetto, before and since, was the thing headed up by Ken Clark, Youth In The Ghetto. Do you want a statistic, economic, social, and therefore political? It's there. You know what is missing? Out-of-wedlock births. It is not an accident, not an accident at all. This is the kind of stuff you mustn't talk about. For instance, Dorothy Newman does what I consider to be a valuable thing. What Dorothy did is to take data from various sources and put it together in one thing. Anyone who has an interest in urban problems and wants to know what they are, will find this damned helpful. She quoted from this extensively, and well she might, because this is another trail-blazing study by the Bureau.

By the way, I don't think I have often seen BLS studies discussing crime rates. I don't think I have ever seen this. This is fine, this is a big step forward. She gathered what I consider to be some of the most valuable data in this thing, and that was about the accelerated breakup of the black family. If I had said to you, or you to me, in 1959, that by 1967 the unemployment rate of the married black male, living with spouse, would be cut in half, and that the unemployment rate of the black female 20 years and over would be cut in half, I would have told you you were wrong. It happened despite what everybody thought. The unemployment rate of black youths 16 to 19 went to a disastrous 30 percent. By the way, that can be explained. I can give you more damned answers to that than Kern's got pills. I find it impossible to rationalize away a 12 percent unemployment rate in 1968 of white youths 16 to 19 years of age.

The fault is ours because we won't bite the bullet, to use Moynihan. This is something that ought to be here, because in that same period I talked about, the rate of unemployment of female heads of black families went from 22 to 30 percent. Something is plainly wrong, and some other weird things happened that we won't address ourselves to: Disparities, crazy disparities in income.

If I say to you that in 1967 the median income of white families in the southern industrial cities surpassed the median income of white families in northern industrial cities, is it believable? It happened. Well, obviously, the rich white families went to the suburbs. That is right; and since 95 percent of Puerto Rican families are classified as "white," that would explain why the white families in the South are catching up.

If this is so, how is it that between 1959 and 1967 the median income of black families in industrial cities in the northeast went from 69 to 68 percent of white income? Everybody knows that the gap between black and white income is opening up. Okay. So how is it then that in the north-central cities, it went--the Negro percentage--went from 68 to 75 and then in the west--where there is very little Negro population, like one million--it went from 65 to a spectacular 84 percent; and in the southern industrial cities it went from 52 to 62 percent, only six points behind the northeast. And, finally, it cannot be explained by out-migration, because in 1959 the median income of black families in the southern industrial cities was $1,336 behind the median income of black families in the northeastern industrial cities and only $370 behind in 1967.

These are data I have a right to demand that you amplify, build on and interpret for me. No single agency in the country, no single agency, private agency, in the country any longer has the resources.

I might give you one last thing that puzzles me. Why, in 1967, was the median income of black families in the western industrial cities 91 percent of the income of white families in the northeast? Now, you know, why only industrial cities? Indeed, take another area, not as dramatic but you have just the same trend. Now, someone very much like Nick Kisburg would say, "Go west, black man," "Go south, white man." I suggest to you that we will be the users. We users will be better served, we are well served now, we will be better served if you take all your bags, all your shibboleths and all your reverse prejudices and chuck them out the window, and take the bullet in your teeth, bite it and let's find out where we are going.

Phyllis A. Wallace, Vice President for Research
Metropolitan Applied Research Center, Inc.

I will be quite brief. Three months ago I left Federal Government and I have been in New York City working at Metropolitan of which Kenneth Clark is President.

I would like to bring to the attention of the people who still work in the Federal Government the fact that little commission accumulated a tremendous amount of information on minority employment in the United States, information for 1966, 1967, and 1968, and we had major problems of communicating with other Federal agencies. We had no money so we did receive financial assistance from time to time from the Manpower Administration and OEO.

I did talk with Dorothy Newman and some of the other people at BLS, but I think that you could have better communication within the Federal Government. In desperation, I turned to young university professors, to ask if they would analyze the statistics if we made them available.

We had, at least at the time I left Washington, several reports that came in to my knowledge. No one else in the Federal Government has bothered to pay attention to these reports. I would invite you to go back to Washington, perhaps call the Commission, and demand to see a copy of the OEO-1 Report, Jobs for Minority Women in the Private Sector, 1966. In the narrative of that report we have what at least a lot of us thought was a significant finding by a young professor at Princeton University: That at least two-thirds of the difference in the occupational positions of minority and majority workers might be attributed (or almost two-thirds might be attributed) to almost pure discrimination, and about one-third would be due to educational deficiencies.

This is the kind of report that I think people within government, should analyze, should examine. In a sense, "research" is a dirty word there, because like so many of the government agencies the emphasis is in another direction.

So I feel that you must have better communication within the Federal Government and perhaps, better allocation of resources.

The second thing that I would like to emphasize is that you cannot find current reliable data at the city level, and certainly not at the Bedford-Stuyvesant, Central Harlem, East Harlem, areas; and we desperately need information at those levels.

I might tell you that at MARC we are presently just beginning to do two large studies of two ghetto communities, Newark and White Plains. White Plains is the suburban type ghetto, and Newark is, I suppose, the typical city ghetto.

In Newark we are interested in roughly 50 census tracts, but not in the 1960 census data for those census tracts. We will be going out into the community, talking to people in the ghetto and talking to people, "in the establishment." I hope that from time to time we might call upon people in government if they have data--it doesn't have to be perfect data; it doesn't have to be the kind of data ready for publication in the professional journal --that we would call upon you to perhaps discuss the research design with us, to make suggestions, and if you have recent data, perhaps to share the data with us. I know that is a tremendous thing to do. You find people that collect data and then sit on it for a year or two because it hasn't been coordinated, it hasn't been cleared through, and in the meantime you have major difficulties in the cities.

As a result of working in the private sector, and from my experience in Washington, I found people at the universities who are very much interested in these problems. Unfortunately, they are the young professors who haven't made a name. Most are willing to work with government agencies. Unfortunately, many of the agencies have so many rules and regulations, that after a while someone just doesn't have enough time to fill out all of the forms and go through all of the clearances; and I would ask you again to think of: You are collecting data for what purposes? Not to satisfy, I think, a particular administration or a particular secretary; but data that might be used by a number of users, the people in the universities, the people in the private sector.

I know it would be helpful from time to time if you would have in outsiders, perhaps an advisory panel, just people who work in the local areas, to tell you what the problems are. Occasionally I find that people are isolated and are carried away from research designs, and cannot publish an article.

So that I would recommend great communication within the Federal Government down to the local level, with the universities. Certainly I can tell you that here and now I promise to be back in Washington many times to beat on many doors and to denounce you if you don't help me.

The final point: I think someone did say earlier there were very few black faces at this meeting so that we at the Commission have the responsibility for minority employment in the private sector. One of my pet peeves has been, really, how do you increase the supply of black economists or black statisticians or what have you? And since leaving Federal Government I am happy to say I have enough time and am encouraged to run around to a number of the Negro colleges and to talk to students and to talk to teachers about trying to encourage them to major in economics, trying to tell them that there are opportunities other than teaching. Some of you might even go visiting to some of these schools and tell these kids what economists do and what statisticians do.

This is briefly what I have to say on what I consider to be the role of research in the urban crisis.

Here is what we propose to do. I am going to ask Dorothy Newman to add just a footnote or a postscript to her statement on Dimensions in the Urban Crisis now that she has had an opportunity to hear the other four members of the panel. Then we are going to take questions from the floor from any of the members at the meeting.

At the end, I have a three-minute commercial as to what the solution is as I have seen it.

MISS DOROTHY NEWMAN: I am taking the comments in order and merely reacting to the various statements that were made relative to the talks that the persons presented.

I was very glad to learn and to hear Mr. Lynch speak of the need to humanize our data. I think this is one of the areas in which many of us have tried very hard to do the job, but we can do a much better job. I hope that the BLS and State agencies will take this to heart and provide data which have surrounded them or provide it in such a way that it makes it possible for the man on the street to know what it is all about and interpret the data in terms of the real world.

I think, too, that it is important for us to think about all of the problems, the minority problems, and Mr. Lynch did mention Mexican-Americans, Puerto Ricans, and we should be doing more work with these people. And some of our studies do direct themselves to learning about the ethnic groups other than black and other than the Anglo. We aren't doing enough. We ought to do more.

In connection with Mr. Levine's remarks, I agree that we should certainly get down to the local level and do as much as possible on a local basis. The Bureau has had difficulty getting enough funds to do some of this work. We can do some of the things with the funds we have that we are not doing. I am sure we are going to try to expand those programs.

One of the remarks he made about household surveys, I think, we should take to heart and we have an excellent sample of establishments which, I think, we are not using to the full, from which we can get information about employment and manpower; but we aren't doing it right at the moment for various lacks. Perhaps many of those in the Bureau will disagree with me, perhaps there will be another type of sample, but in any event household surveys are not the answer to all problems about occupations, employment, unemployment, and the problems of the city.

In connection with Mr. Kisburg's remarks, I think that he, too, is right. We do need more local and city data. We have some, we should expand it. He is very right that we need to use each other's data to make our own more readily available to other agencies, to other groups that need them, and, likewise, there should be a reciprocal clause arrangement.

In fact, I was very happy in the case of Changes in Urban America to use the Census Bureau data, and I don't think that it was an error to do that. If you notice from Changes in Urban America, the material was presented at the Federal Statistics Users Conference, in October well before the metropolitan area data came out. I think it is an excellent study. It has many new dimensions which we are all using. It speaks of the lack of information about illegitimacy. Well, we don't know. One person's illegitimacy is another person's abortion.

In connection with the disintegration of the family, if you have a female head of family, is that a disintegrated family? These are things we are not very well aware of, so it is difficult to analyze it.

On Phyllis's remarks, I think that we should all certainly benefit from the excellent work that she did with her research staff at EEOC and try to get as much of it as we can and use it. I am glad to note that the MARC is embarking, through her efforts, on new urban studies, and especially glad that Phyllis is going to be in the arena to encourage black economists. We need them.

MR. MALE: Thank you, Dorothy.

Now, your questions. Keep them brief and direct them to the panelists.

MR. HAROLD GOLDSTEIN: (Bureau of Labor Statistics)

I have two questions. One to Mr. Kisburg, who got such a great hand with his comments on this fellow Joe Smith and his study of the Retirement Adjustments of Men Only in Iowa.

Do you have any comments on Lou Levine's push for getting more and more detailed data, not only on States, not only on cities, not only on central cities, but also on neighborhoods?

MR. KISBURG: I thought I endorsed that. By all means.

MR. GOLDSTEIN: My other question is to Mr. Lynch. We get pushed around and a lot of this kicking that we get is salutary; it's a little difficult when we get kicked in two directions at once.

I wonder if Mr. Lynch would comment on what are the kinds of problems that are presented, and the kind of thing that Lou was talking about, where we ought to be getting more and more detailed neighborhood data. We are beginning to collect statistics on job vacancies in American industry. There is some pressure to collect these statistics, not only for metropolitan areas, but for parts of cities and for neighborhoods and for the ghetto areas of cities. I wonder if Mr. Lynch, who made a strong point, with which I fully agree, that black people and other minority groups ought to get jobs in government agencies and, I think, by extension in our society generally, has any comment on the desirability of getting job vacancy statistics or just for slum areas.

MR. LYNCH: I am trying to see how fast I can answer that. The cry which we hear now for Black, Puerto Rican, American Indian, is not by any manner of means to exclude any segment of the society, because if we do, we will have the same thing probably 50 or 100 years from now that we have now. In fact, one of my observations is that the Human Rights movement has been one of the best movements I have ever seen, because although it is very much pro the minority, it is not, Mr. Kisburg notwithstanding, anti-white. Black is beautiful doesn't mean that white is ugly.

Therefore, I entirely endorse a comprehensive type of approach to the job situation. Indeed, if the statement of Mrs. Wallace is correct, if her study is correct, about two-thirds of the unemployment is based on discrimination, I think we must concentrate on the area of greatest need where the largest numbers of people would be involved before we begin to address ourselves to the more affluent types.

MR. LEVINE: Hal raised a point which I think is terribly important. I cut it out of my formal presentation because it was in the interest of time to do so, but it needs to be underscored: It strikes me that one of the crucial developments that is currently needed in the manpower program is the shift of concerns, the concerns of unemployment to the concerns about jobs, the job environment, work training on the job, upgrading, new careers, and all that goes with it. In other words, the involvement of the employer and the responsibility for manpower--and when I say "employer," I mean both private sector and public sector as well. This calls for an understanding and analysis in detail of what goes on in industry and what goes on in employment that manpower statisticians do not know.

It is a sad commentary that manpower statisticians are being asked to develop a great deal more information about the clientele, the minority groups and so on, without having resolved or met those needs, and now must move into the industry sector of jobs, occupations, job vacancies. I believe that the time is rapidly coming when the occupational aegis may be as critical to the manpower program for the next several years as the counsellor has been to the manpower program in the last several years, and the manpower statistician who doesn't work with the occupational analysis will be making a bad mistake about the kinds of data that are needed.

MR. JEROME JOFFE: (Mobilitization for Youth)

Miss Newman made the point that one of the big problems facing the cities today is the rise in under-employment, the continued existence of under-employment as opposed to unemployment. I would assume that data that would be helpful to find out more about this are data on the internal and external labor markets, by industry and local area, which one could only guess at.

Secondly, Mr. Kisburg indicated that in his analysis there has been a decline in real income of white workers. Now, the per capita income is increasing. Then perhaps the higher incomes are being earned by commuters who work in particular strategic occupations, and therefore this would be a way of explaining this kind of divergent pattern; so I think we should have data on commuters by income, by occupation, by education. This would be helpful not only to understand the developments in the political economy, but also it would be helpful to assist community employment groups.

Perhaps the establishment of community groups, as an extension of community control, may be the answer, but we can't operate unless we have the data to operate based on what is really going on.

MR. KISBURG: The study that we did for New York City is not different from what the national experience would show. This is one of the places we are goofing. Our economy has changed so rapidly since the New Deal only 30 years ago, three decades ago--people here should have been telling about that. Don't mind Abe Raskin's articles in the New York Times about the fat-cat construction workers, teamsters. The fact is that net income in the United States has declined. Property income has gone up very little. The real increase came in transfer payments, and it may well be that our real inflationary push is coming from 31 million people who are no longer productive in any real sense, coupon clippers. It may be this is the source of the inflationary push, plus the war in Viet Nam. It isn't the commuter making the money necessarily in the city.

But, we don't know. Bill Zimmerman ought to be supplying us data for New York State. I can talk only about my own little balliwick. They have all the data, income by source; and then, by the way, I do believe in Dorothy Newman's study. We got some very valuable data on the cross current of central city people going to the suburbs and suburban people coming to the central city. And I think you will find some people going to Nassau and Suffolk, that there is a definite trend, and we won't be able to complain that we are being exploited by the suburbs, by the colonists who go home every night, and then they will make New York the 51st State and then we will be sorry.

MR. MALE: I want to thank the panel and the audience because you have been a very attentive and patient audience.

Last night, when somebody reminded me that I had the Parade of the Saints, those who are still living who have led the Bureau of Labor Statistics, Federally and Statewide, and those of you in the universities and private foundations, research centers and in government and at all levels who have been doing this--the panel rightly pointed out to you today that this can get pretty sterile, that it can become, as one of you said, data for data's sake; and I think the whole theme of what all of you were saying today is that you have to get back to where you were one hundred years ago, seventy-five years ago, fifty years ago; namely, as a good friend and former colleague of ours; namely, as a good friend and former colleague of ours, Esther Peterson, described it, that you need to be the conscience of our country. And you can't do that, it seems to me, if it is business as usual.

Dorothy talked about the attitudes of the comfortable. The first day I was here I was so shocked. Just look at that breakfast, luncheon, dinner menu; and here we are talking about an urban crisis, poverty of people. Today, I don't mind that, I don't feel so uncomfortable about that because this conference has helped to put into sharper perspective more than anything you could have said to me.

I think we should remember for a long time Dorothy's quote about the attitudes of the comfortable.

Lincoln Lynch, according to my notes, it was you who should get credit for emphasizing the impersonality of all the stuff we have been talking about year after year. We have to get back to the concern for people and not just for data bits. You said you were not sure what role these people could play; and in the language of Nick, they know damned well what role they can play. It is just a question of having the will to play it.

You talked about an exclusive club, I think. The only thing that bothered me today, and I expected a rather militant, revolutionary, bomb-throwing performance from you--I felt you were in a conservative mood today--the one thing you said that really made me nervous and I will get it on the record here, is that you said it is an exclusive club and you don't see enough black faces. Lincoln, with all my black friends I keep saying, "You know, must we somehow by accident of birth--those of us who are not born black--play certain roles? Is there nothing we can do to prove by performance that it is not an exclusive club?" In other words, putting it very simply, if we have to kill our enemies, that is one thing, but if you have to kill your friends, too, in order to get done what we all agree needs doing, you leave me with a very discomforting situation.

Lou said essentially we don't know. He talked about another thing that I felt is so important. He talked about a kind of separate bureau into which we have all bureaucratically painted ourselves. The public welfare field in New Jersey: I talked about that to our people there and got in trouble when I spoke about the hardening of categories. I think it is not just public welfare administration and the administrators who have taken a little kidding here these days, who have painted themselves into separate disciplinary bins, but we have, with all of our jealousies, all our fears, built separate bins.

Nick, you're great. The people of this country do not appreciate the Teamsters, you know that. But in my ten years now of having the fun of being a Commissar Of Labor for a little province in this country, I have learned that the kind of very special militancy and active conscience that you represent, along with the muscle and the colorful language, are terribly important to a more dilettante economist, statistical, academic elite, whether it be a white elite or a black elite; right?

And the thing you said that I hope Walter Keim will listen to: You said we need to go where the political actions are, and you noted that is almost totally absent from these meetings.

In fact, I hate to be bringing up that late senator from New Mexico, but the very existence of a thing like the Hatch Act plants in all of our minds--those who get near the expenditure of public funds--the idea that there is something venal, something wrong, something dirty, something terrible about this political craftsmanship. I submit to you, if Lou's theory about getting the sociologists, the psychologists and everybody else, into this, the ultimate in interdisciplinary study is correct, we have to go out and get the heat from the people and get the lash and counter-backlash.

Phyllis, I hope next year you will bring your boss, Ken Clark with you. You have opened up a new avenue of data and job experience. And what you said to us about the need for openness, about the need to use what is available, is terribly important.

So I would end, as Dorothy began, with one single word: Attitude, I told you that in a short compass, the real solution can be exposed to you. I didn't invent this. Others did. We had a Kerner Commission nationally and we had a New Jersey one, a State level one, a little commission. Buried in the preface of that report, as I have told some of you before, is the brief prose of the President of New Jersey's Bell Telephone Co. He wrote this at three o'clock in the morning. What he said was that we couldn't buy the solutions to the problems we have been discussing together this afternoon. All the tax policies, all the foundation grants, all the bond issues, cannot buy it; so the chairman of our little Kerner Commission said, the basic thing goes back to attitude, and the important part of his message was, "It isn't your attitude or some other guy's attitude, it is our own attitude. The thing begins with ourselves, in our own homes, in our own neighborhoods, not just data collecting, but in the kinds of neighborliness, the rights of citizenship, yes, to use a word that is popularly used now but probably less well understood, and the kinds of love that may be expressed in those neighborhoods and in the communities and across communities throughout standard metropolitan statistical areas, counties, States, provinces, Nation, or the world, or maybe the planetary system."

The answer, therefore, is so simple that it's been around for a thousand years in the tradition of the great writers and the great human beings of Asia, from which your visitors came to this conference, in the tradition of the great multi-thousand-year-old heritage of religion that we have been walking around in here, stumbling over New Jersey's B'Nai Brith and it is certainly appropriate to say that it has been now almost 2,000 years in the heritage of those by a more recent theological design.

So while we grope for finding the data for more accurate measurements, for reading out to each other, for finding out how to keep in constant communication, not just in Williamsburg and Kiamesha Lake, but in all the hours and days to come, we aren't the first to wrestle with these problems. We will not be the last to have them, but while we kid each other a bit, as Nick said--Lou ought to hit me and demand equal time--it is only because we respect each other that we can be blunt to each other.

Before you leave this room, those of you who haven't studied it, look at those first few charts. You were talking about the gap, non-white and white. You notice that it looks as though the gap is closing, that the ratio on that bottom black line--if you will get up and look--the line is all too steady.

MR. KEIM: This is Manpower Day. We will have Mr. Alfred M. Zuck, the Director of the Office of Evaluation of the Manpower Administration, speaking on the Evaluation of Training and Manpower Programs. On Sources of New Manpower Data Through Job Banks and Related Programs, the speaker will be Vladimir D. Chavrid, Acting Assistant Director of the Office of Technical Support of the U.S. Training and Employment Service of the Manpower Administration. Sol Swerdloff, Chief of the Division of Program Planning and Evaluation, will speak to you on "What We Don't Know About Training in Industry."

The discussants for this program will be Sar A. Levitan, Director of the Center for Manpower Policy Studies and Research Professor of Economics at the George Washington University; Aryness J. Wickens, Director of the Office of Manpower Management Data Systems of the Manpower Administration; Michael E. Borus, a Brookings Economic Policy Fellow, of the Manpower Administration.

The Chairman of the morning session is Harold Goldstein, Assistant Commissioner of the Office of Manpower and Employment Statistics, Bureau of Labor Statistics of the United States Department of Labor.

RESEARCH NEEDS FOR A COMPREHENSIVE MANPOWER PROGRAM - PART I

Chairman: Harold Goldstein, Assistant Commissioner
Office of Manpower and Employment Statistics
Bureau of Labor Statistics
U.S. Department of Labor

The Manpower Programs, as we see them today -- have developed in no systematic way, but a new one being started here, and a new one being started there, a different organizational setup, a different focus.

So we need a Manpower Program which is comprehensive in dealing with all of the programs, and integrated with all of the programs started up with different agencies running them, competing in a sense for budget, competing in a sense for clients, and just plain competing. How do we get all of this together? How do we develop a program so that the clients of the program, whether they be unemployed workers or prospective workers, or employers, can go to a government agency, a single agency, make a single stop, and in that one stop get a comprehensive service that meets all of their needs so that they don't have to go from pillar to post? These are the problems in developing a comprehensive program.

What the answers are, I don't know. Luckily, we don't have to develop a comprehensive program today. All we have to do is talk about the research needs.

When we look at the contents of the program, we can work in many different areas. Certainly, when anyone develops a new program, the first thing he wants to do, at least theoretically, is to build into that program a way of evaluating its success, pinpointing its failures, identifying the problems so that you can do something about them. We don't always do it.

We in the Department of Labor are trying to strengthen our evaluation program. The man most responsible for that is Al Zuck, and he is going to be telling us about what he is doing and perhaps more, what he hopes to do.

Evaluation of Training and Manpower Programs

Alfred M. Zuck, Director
Office of Evaluation
Manpower Administration
U.S. Department of Labor

Thank you, Hal.

It is really an honor, first of all, to be first on the program with a name that is Z-U. I have been at the end of the alphabet all my life, and it is kind of a switch for me to start out first.

I am delighted to be here, with this group of experts about evaluation. I am glad you got off the binge of the Comprehensive Manpower Program and got us onto the question of research needs, because I was beginning to think that what I had thought about was no longer relevant; but evaluation suddenly has become one of those in-things. Everybody's clamoring for evaluation these days. The public is raising questions on priorities of Federal programs, how we are allocating resources, and the whole question of accountability. Congress is concerned about evaluation. As a matter of fact, in most of the new pieces of legislation now being enacted, Congress is writing specific provisions requiring comprehensive evaluations of the programs.

Evaluation is, in a sense, a new field, a new topic. There will be many people around who will be rightly saying that they have been evaluating projects for a long time. But I think that in the past, evaluation has been largely in the context of evaluating the process, the coordination among agencies, the flow, the status of achieving goals, and we've been not really addressing ourselves to the outcomes, the effects, the results, and what differences the programs make.

Evaluation also means very different things to different people. The need for evaluation is different at different levels. However, today, I would like to concentrate a bit in terms of what the rhetoric calls "Outcome Evaluation;" evaluations of the impact of programs, the effectiveness of programs, the results of programs.

I would like to do this in talking about essentially two major areas: first, I would like to direct your attention to what I am going to call: Trying to set a realistic framework or perspective for considering evaluation. Secondly, I want to go on to talk about some of the specific problems that are arising in terms of needs for outcome evaluation.

Let us first look at trying to provide this perspective on evaluation. One could raise the question -- and it is a very good question -- why evaluate, for what purpose? The whole basic assumption under which we establish an evaluation program is based on really a rational, logical kind of framework. In the manpower area, we say that there are some manpower problems that are causing social and economic maladjustments. These become recognized as major national problems, resulting in congressional action in terms of the enactment of legislation, the establishement of new programs.

And as Hal has said, over the last six years we have had a sheer development of a multitude of individual manpower programs. Once the programs get established theoretically we have objectives that are required to meet, and so the point of evaluation is trying to find out whether those objectives are being realized, not for the purpose of any academic research interest, but really for the purpose of trying to effect change, influence policy, change procedures, change program content.

Now, it is upon this framework, a logical rational kind of approach, that we build or attempt to build an evaluation. It seems to me there is a second question that follows this and that is: Is this theoretical framework realistic?

Manpower programs are really directly concerned with basic questions of public policy. As questions of public policy, they are political questions. And any question on political policy must relate to this logical framework which I described a little bit earlier: Are questions of public policy and decisions on public policy based on the objective outcome, or effectiveness of programs? I think in all honesty the answer is yes and no.

I think we have got to be very careful not to kid ourselves that an evaluation program is going to provide all of the kinds of answers, and even if the answers are accurate and good from a methods point of view, we have to be careful to avoid the problem of thinking that those findings are, in fact, going to influence policy. I think the extent to which findings are influencing policy really depends on the time and circumstances.

We have spent billions of dollars in this country on Veterans' benefits, yet, so far as I know there really hasn't been any evaluation of Veterans' Programs. States across the country are again enacting legislation providing for Veterans' bonuses, not on the basis of any kind of -- at least so far as I know -- objective assessment of the purposes to which those funds will be used, and the relative priority it has against other programs; but on the basis of what one of the discussants calls, I think, gut reactions.

Many of the decisions in the whole public arena are made on bases other than factual, definitive, kinds of studies and findings. Lest I be misunderstood, I am not saying that I think evaluation of results and outcomes and effects of programs are not essential and needed. What I am saying is: I think we need the results of these studies and evaluations to provide the grist for the mill of public discussion that takes place on public policy issues; and then, if decisions are made, opposite to the findings of evaluations or studies, clearly they were done having available this kind of information.

I think it behooves us to strive to develop good evaluation programs. My only concern is that as we move into this period of time in which evaluation is a kind of new savior -- I am afraid that in the interest of evaluation, too many people will look to it to provide the kinds of answers that cannot be provided.

There is another issue related to this, that the majority again assumes that there are objectives for programs. I think it is fair to ask what are the objectives for the Manpower Program, or any of the components of the Manpower Program? Who has stated them? It has been the Congress, it has been the President, it has been the program administrators or the client groups. Whether they have been stated or not, do each of these groups have a different understanding of what the objectives are? How do these objectives conflict? How do they change?

Depending upon how you define your objective, the MDTA Program today is nothing like the MDTA Program when it was conceived and enacted. In the early days, it was concerned with the problems of skilled training for meeting the problems of automation and technological change. Today, we talk about a full range of services and problems of the disadvantaged.

Let, me, just on the question of objectives, cite the Neighborhood Youth Corps program. What really are the objectives of the NYC program? I am sure we could develop a list. The NYC School Program maybe has an objective to reduce dropout rates in schools. To some people it has the objective to fulfill and meet some public needs in schools and in other places. For other people the objective is really to provide some money for kids; and to others it is to keep kids occupied. If you are going to talk about an evaluation of the NYC program, we have to understand the ground rules we are operating under. What are we evaluating? What are the objectives and priorities of the objectives?

It is a fine thing to develop a data system, but you have to decide what you want to know or need to know, and you can't change the kind of information you want every six months because the system simply doesn't respond to that kind of change. This, then, is what I would like to call a realistic framework or backdrop for talking about some of the specific issues and problems we face on outcome studies and some of the approaches that need considerable attention. You can see that I have tried to present what I think is a realistic and fairly pragmatic approach to a whole discussion of the question of evaluation.

I think it is a mistake to go down the road thinking that we are going, through spending $5,000,000, $10,000,000 on evaluation studies, to come out with the ultimate answers, because I think what we are learning is that these programs, being social programs, have go to deal with many variables, and most importantly we are dealing with the human equation.

Now, in spite of all that, I think we are better off in manpower programs than we are in others. For it seems to me that regardless of what kind of subordinate objectives one can establish or define, in the final analysis I am committed to the proposition that in manpower programs the whole purpose of the program is really to try to provide employment, jobs to individuals who, without training or supported services, would not get such jobs; and jobs that they can retain. So in this sense I think there is a concrete objective that can be stated for manpower programs and can be measured, which is not true of some of the other social programs.

Now, I don't mean to offend any of the sociologists or psychologists who are here, who would contend that there are many social and psychological purposes to be served and objectives to be achieved in the manpower program. I acknowledge that. But I think these are secondary results or effects, and I'd like to concentrate my discussion on the question of what I consider to be the primary outcome, the opportunity to provide profitable employment to individuals.

In this regard, I think there are three key questions that we have got to think about in evaluating the program. The first question is: To what extent do the people who participate in manpower program become employed and remain employed? The question here is really the question of making a comparison between their employment and earnings experience before and after their involvement in the programs.

The second question then is: But what would have happened to these people and their employment experience and earings experience if they hadn't participated in the programs? Would it have been the same or different?

And third, what services or combination of services appear to contribute to the program, and which programs seem to be most successful to which groups of people?

Let us go back to the first question. This really is a very simple question. The truth of the matter is we don't really know. Information is available in all of our problems on placement data at the conclusion of the program. But our big data gap is in the follow-up experience, following the initial placement. What happens to these people in a period of years following their participation in the program? Only the MDTA Program has built into it follow-up reporting for periods of one year following initial completion of the program.

We found that even though there is a system established, follow-up reports have been received over the years in only about 50 percent of the cases. Even if the MDTA was fully functioning, this is a short term follow-up and does not provide long term follow-up answers. Longitudinal follow-up of program participants, particularly the poor, the disadvantaged, the minority groups, is really very difficult. They tend to be very mobile, and increasingly there appears to be an evidence of reluctance to being interviewed.

In a recent pretesting of a retrospective study of youth participants in the MDTA and in the NYC Job Corps Program, the Census Bureau was able to complete only 40 percent of the number of scheduled interviews. Recognize that here we are dealing with youth and they are even more mobile and more difficult to find than the adult population.

The Office of Evaluation currently is financing a study which is trying to get at an evaluation of all manpower programs in the Boston metropolitan area, the Denver area, and the San Francisco area. We are going to follow program participants in this study over a period of two years, and we are going to be experimenting with some techniques to provide financial incentives to program participants to report periodically, to provide information on where they are. If this approach seems to be successful, we may use it in some other areas.

There is another attempt being made jointly between us and the Management Data people to see if we can follow program participants through Social Security records. And a pilot project on that is going to begin shortly.

Of course, we must recognize that filling this data gap of what-has-happened-to-people is only part of our need, because that only tells us what happened. It doesn't tell us why it happened. And increasingly, we have got to have some new understandings of the whole functioning of the labor market. An evaluation of the Boston Concentrated Employment Program by Peter Derringer and a group at Harvard found that the people who were coming through the program were not people who were unemployed for extended periods of time, necessarily, and people who didn't have work experience. There were some youths who were new entrants into the labor force and did not have experience, but many of these people had work experience. They get placed in a job through the Concentrated Employment Program, where many of the jobs are dead end jobs or the kinds of jobs that these people could have gotten on their own. They stay on the job as long as they are interested in staying on the job and then they "opt out." They have an option to "opt out" into the second area job market, the non-preferred jobs they can get every time.

I would suggest that what we have to do is see how we can get some upward mobility, get these people jobs in the kind of jobs that have been blocked to them in the past.

Let me go to the second question: Assuming that we can get accurate information on follow-up, what would have happened to these persons if they hadn't been in the program in the first place? Would they have been better off, worse off, or no different, in effect? This poses some more difficult problems, and the most logical way to answer this question is to establish some kind of trial group, another group of people with similar characteristics to those in the program, follow them for a period of time and see if there are any differences.

There are a lot of problems in control groups. How do you get a good, random selection; which, theoretically, is the best way to conduct a study? The way that makes the most sense is to select the groups at the beginning of a program and assume that you have got fewer available opportunities or slots than you have got clients; you randomly select some in and some out. Of course, this raises problems of its own. People don't necessarily like to be denied services or selected out for the purpose of conducting an experiment. But if we are going to try to answer this question of what would have happened, we have to find a mechanism for establishing a control in order to make a comparison. I don't think I've yet found a study where control groups have been established where somebody has not stated that the control group was not representative of the experimental group; but we've got an expert in that in Mike Borus, who will comment on that point later. Maybe we will get to the point, in the final analysis, of saying we can't answer that question, and then we direct our efforts to how we improve the effectiveness of the program models and the ingredients in the programs?

But I don't think we are at that point yet, and so this whole question of control groups is one that we have got to be pursuing at least in the years ahead.

Finally, let me come to the question of what kinds of services seem to be most successful. I think we are entering a period now in which the categorical programs, as we have known them, will begin to disappear. We are talking about a comprehensive manpower act that would get rid of MDTA and NYC and New Careers and Operation Mainstream -- and instead would be talking about the kinds of services that are necessary to make people productive members of the work force. Here we are talking about things like orientation, job tryout, work experience, occupation skill training, intensive skill training, follow-up, and so forth. So, we need to know which of these services seem to be most successful. The truth of the matter is we don't know that either.

We provide basic education to a lot of people in programs. But we really don't know whether or not that basic education course, or that basic education training results in preparing that individual for a successful job experience. Our present manpower policy has been based on the assumption that it is the disadvantaged, the minority, that need services and rehabilitation, and so we talk about all of the things that need to be done to this client group. But we are beginning to get some evidence in some of the studies and findings that maybe this is not where the emphasis ought to be. Maybe we need to look at the work place, maybe we need to rehabilitate the work situation, employers, supervisors, fellow workers, unions.

There are some indications in the job programs, (the National Alliance Business Program) that suggest that the kinds, the amount, and the quality of some of the services provided are not nearly as important as the kinds of relationships that can be established in the work place. We need to look at this as one of the ingredients of the kinds of services that are required. Maybe we have been looking up to this point far too much -- as one of our study findings said, "Your whole theory is that you go out, find them, clean them up, give them a little education, teach them to come to work on time, but that isn't the problem."

The problem is the built-in attitudes, discrimination, and built-in racism in our society. I think we are beginning to see in some of our evaluations, at least, that we have got to put more attention to this question of the whole work environment, and all of the issues around it need to be dealt into the question of the kinds of services we provide.

I would like only to make one other comment. I think it is obvious from what I said that data is one of the most crucial elements in program evaluation. We need data on characteristics of program participants, their pre-enrolment and post-enrolment experience. All of this is necessary for effective evaluation of program results or impact. Up to this point the manpower data system, however, has been based on universal reporting, and we are getting some data on all program participants. But in my view, the manpower program simply has become too large to look to universal data for evaluation purposes.

During the month of July there will probably be close to three-quarters of a million individuals participating in manpower programs. And over the course of a year, the number is in excess of one million people in over 7,000 projects. Now, it is my view that we cannot develop and hope to administer for evaluation purposes a data system that gets universal reporting on each of these individuals in the degree of detail that is necessary to try to answer some of the questions I am talking about. Therefore, I think we have got to move more in the direction of sampling, more in the direction of the questions of kinds of services, of tying into employment and earnings projects, trying to demonstrate different mixes of services and built-in intensive evaluation in projects, to try and answer some of these questions.

Even if we can't establish a foolproof control group, and even if we can't provide the kind of intensive information that is necessary to answer all of the questions about program results and effects and outcomes, we certainly have an obligation to try to see if we can't provide some information. Also, I think we have got to include in this approach a kind of realistic assessment in order to appraise ourselves of what the real impact of an evaluation program can be.

There is a big job here that needs to be done, but I am hopeful that in the course of the next couple of years, that if we come back and talk about these topics, rather than talk about some of the problems, I can talk about some of the conclusions.

MR. GOLDSTEIN: Thank you, Al.

Another area of research that has to be developed in a comprehensive manpower program is research in the use of operating data.

For example, one can ask not only how good are the outcomes of our programs but how well are we doing? Why do we find in follow-up studies that only half of the people who have been put through programs appear? What is wrong with the way we follow up? Can there be evaluation also of the administration of the programs?

We have to look at the whole question of how we can use the operating information that comes out of programs to research the substantive issues and the needs.

One of the new programs is the Job Banks Program. This is going on in a number of different forms, a lot of it is still experimental; and it is good that at this time we are taking a look at what information can come out of it.

Our next speaker is going to talk about that.

Sources of New Manpower Data Through Job Banks and Related Programs

Vladimir D. Chavrid, Acting Assistant Director
Office of Technical Support
U.S. Training and Employment Service
Manpower Administration
U.S. Department of Labor

It is in the context of continuous economic advance which has resulted in a period of prosperity without parallel in our history, but at the same time a deepening concern for those Americans who have not shared in its benefits, that I would like to discuss the implications of manpower programs and the need for comprehensive job market information and research.

Programs Needs Spur Data Development

My own interest in the development of the fundamental tools and techniques of labor market analysis dates back some 30 years to the time of the Great Depression. We were spurred then by urgent needs for information in the labor market for specific occupations and industries. Many of the job market information tools which we take for granted today were developed in response to pressing needs of the employment service program. The Department's area manpower information program, for instance, had its beginning with the need to alleviate local housing shortages that started to emerge just prior to our entry into World War II. The first labor area surveys conducted by State Employment Security agencies were made in response to the need for estimates of area labor demand and supply in relation to current and future defense production manpower requirements.

The area classification system was introduced at about that time to provide a quick convenient tool to facilitate differentiating between areas having significant labor shortages and those that could handle additional defense contracts with their existing manpower resources. In later years when unemployment rather than labor shortages became the problem, the system was adapted to help identify labor areas with significant unemployment problems and which warranted special federal assistance such as that available through the Public Works and Economic Development Act and other programs, including Defense Manpower Policy No. 4, which provided for preference in awarding Federal contracts to areas of high unemployment.

Over the years, major breakthroughs in the development, use, and acceptance of job market information tools occured in much the same manner. That is, they were developed to meet the pressing operating requirements of the Federal-State employment security program in responding to the needs of new manpower programs. Such tools include the development and refinement of techniques for testing and counseling job applicants; for determining current and future manpower requirements by occupation and industry; for evaluating the impact of changing technological requirements' and for occupational analysis and classification.

The latter tool, the *Dictionary of Occupational Titles*, is basic to the operation of our nationwide system to provide employability service to job applicants, to facilitate the process of matching workers and jobs, and in developing and disseminating job market information. The Third Edition of the DOT published in 1965 has many new features. Among them is the arrangement of jobs, within groups of occupations, in order of complexity. This has helped to identify the entry opportunities for which the disadvantaged job applicants can qualify, along with a career progression ladder to more rewarding jobs.

New Data Breakthroughs Are Impending

The development of labor market tools has proved responsive to the dynamics of our economy down through the years. The new and expanded manpower, vocational education, and anti-poverty programs which have been initiated as a result of new legislation over the past few years have made an even more urgent need to develop and implement a comprehensive system of labor market information and related research. Such a system should encompass not only the development and compilation of soundly-based data related to existing and anticipated job opportunities and the size and characteristics of human resources, but also the dissemination and interpretation of these data to State and local agencies and officials, as well as to job applicants and employers. For each of the new manpower programs, improved State and area job market information is needed for planning purposes, for appropriate guidance in making vocational choices, and for answers to questions on "what occupations to train for" to enhance the employability and maximize the employment opportunities of the disadvantaged and unemployed workers and youth entering the labor market.

To meet these needs, USTES has initiated a number of comprehensive revisions in the existing ES-State agency labor market information program. In some instances, these changes involve the design of new labor market information sub-systems, aimed at meeting program requirements of specific user groups. Another consideration has been the correcting or filling of signigicant gaps in the compilation or dissemination of labor market information.

President Nixon referred to one such gap recently. He spoke of the "information gap in job hunting" when he announced his intention to create a National Computerized Job Bank. He said at that time:

In our concern to create job opportunities and to train people, we have largely ignored the problem of communication about jobs. Today, tens of thousands of jobs are going begging because people qualified for those jobs are not aware of them. The information gap in job hunting has become a chasm and we can do something to close it.

Soon after he took office, President Nixon directed the Secretary of Labor to undertake the creation of a National Job Bank.

Action on this directive will build to some extent on the Department of Labor-State E.S. agency experimental program on the measurement and interpretation of job vacancy information. The potential use of such data in planning programs for better matching of workers with jobs, and in analyzing economic conditions, led the President's Committee to Appraise Employment and Unemployment Statistics in 1962 to recommend the establishment of such a series.

Beginning in January 1969, a joint MA-BLS program was launched to collect job opportunities (job vacancy) data along with labor turnover statistics in 50 SMSA's. Publication of these data will begin as soon as possible.

New Congressional Directives

We have also received recent guidance from the Congress relating to the need for job market information. The 1968 amendments to the Manpower Development and Training Act direct the Secretary of Labor to take three major actions:

(1) To develop a comprehensive system of labor market information on a national, State, local, or other appropriate basis -- including information on impediments to the development of an individual's full employment potential, and information on the number and characteristics of persons needing manpower services;

(2) To develop and publish on a regular basis information on available job opportunities throughout the United States on a national, State, local, or other appropriate basis -- for use in placement and job-matching programs; and,

(3) To develop and establish a program for matching the qualifications of unemployed, underemployed, and low income persons -- with employer requirements and job opportunities on a national, State, local, or other appropriate basis. These job-matching programs are to provide for quick and direct communication among local training and placement agencies, with a view to referral and placement of such persons in jobs. "In the development of such a program," the act continues, "the Secretary shall make maximum possible use of electronic data processing and telecommunication systems for the storage, retrieval, and communication of job and worker information."

The new amendments also provide that 2 percent of the basic MDTA appropriation be set aside for carrying out the latter two responsibilities, i.e., the development and publication of job opportunity information and the computerized job-matching program. The 2 percent amount in our appropriation request for 1970 will be about $14 million.

There has been considerable discussion about how this money should be divided between job opportunity information and computerized job-matching. My own interpretation is that these two purposes were lumped together in the new amendment because they are really inseparable. Once we have an automated job-matching system in every State, with telecommunication linkage among States and local offices, it will provide us as an automatic spin-off much of the information we need "on available job opportunities ... on a national, State, local or other appropriate basis" as provided in the law.

Pilot Computerized Operations Already Underway

The implementation of this objective will mean giving highest priority to the developmental and experimental efforts now underway in a number of States to computerize the job-matching process and to generate labor market and management information as an integral part of the computer operations. Recent efforts have accelerated in two State Employment Service Systems -- Utah and Maryland -- which have developed systems now in full operation.

Video data terminals and terminal printers are located in three local offices of the Utah State Employment Service: Salt Lake City, Ogden, and Logan. These are linked with the computer at the central office of the Utah Department of Employment Security at Salt Lake City.

Each Friday the Utah computer prints out an inventory of Unfilled Job Openings and Training Opportunities. This listing is sent to the agency's information centers in each of the automated local offices where it becomes a part of the total body of labor market information available to jobseekers and others on a self-help library basis. In addition, all local offices and cooperating public and nonprofit manpower agencies are provided with a weekly print-out of openings remaining unfilled by the end of the week to widen the area of recruitment and information about available job opportunities.

As currently designed, the Utah system was devised to utilize a computer to match applicants to job openings and openings to applicants. Subsequent objectives include labor market information, employer relations, and management information systems.

Such a system will have tremendous implications on our present job market information system. For example, in compiling job opportunity data under this system, it will not only be possible to obtain detailed information on jobseekers or the labor supply side, but also on the labor demand side. For the first time information will be available on a current basis by labor market area, the key characteristics of the registered unemployed such as -- age, sex, educational attainment, veteran status, whether he is an unemployment insurance claimant, whether he is disadvantaged, his occupation, and the length of his current spell of unemployment. Data will be available on the types of manpower programs an individual job applicant had participated in: MDTA, NYC, Job Corps, etc. Also to be available is a wealth of information on the jobseeker's work history, special tools of the trade that he may possess, and special operators licenses, and related information on special skills.

On the labor demand side, we will have a virtually complete inventory of information, by labor market area, on job opportunities by industry, size of employer, wages offered, detailed requirements and specifications of job openings, working hours, and a host of related information associated with job orders. It is true that such information will be available from only those employers and for those job orders placed with the employment service. Nevertheless, it would provide representative information about most job openings for a given labor market area.

The Baltimore Job Bank

The close relationship between job opportunity information and computer-assisted operations is perhaps even better illustrated in what we call the Baltimore Job Bank. The Job Bank was developed for the primary purpose of coordinating the highly competitive and duplicative job development and job placement efforts of the various community agencies with those of the public employment service in the Baltimore metropolitan area. Eighteen non-profit agencies agreed to pool all their job opportunities information into a common "bank" which would then be available to all for placement purposes. As part of this Job Bank program, the Maryland employment security agency combined the efforts of ES and systems development people to develop a computer program for storing, updating, and printing out, on a daily basis, sufficient information on employer orders to permit direct referrals on the basis of the printout.

The operational concept is simple. It works like this. Employers phone their orders to a central order taking unit. All orders not filled during the first day of receipt are fed into a computer, which overnight prints out a Job Bank book. Multiple copies of the Job Bank book are duplicated and distributed to all ES operating locations, and to the representatives of the participating community agencies. All referrals are controlled by a central telephone control unit which sees to it that applicants are referred only live job openings. The Job Bank book is available to all ES and community agency interviewers wherever they may be located in the Baltimore area. This means that applicants throughout the metro area all have equal exposure to all possible job openings every day. Present equipment prints a Job Bank book describing some 13,700 area job openings.

The Job Bank is a computerized system for maintaining current job openings information. We think the Job Bank offers a means of quickly involving a large number of States in a subsystem that can be a first step toward the ultimate objective of a fully computerized manpower service system in every State.

Among the more important benefits of this system are:

(1) Duplicate job development calls to employers have been virtually eliminated.

(2) Job openings have come out of hiding -- Example: During May 1968 job openings available totalled 7,200 -- May 1969 -- 16,000.

(3) HRD placements have approximately doubled.

(4) More flexibility in the use of staff; more control over the placement process; the Job Bank also pinpoints productivity and helps spot trouble areas, and the need for staff training.

(5) By exposing all applicants to all jobs, the Job Bank goes a long way in bringing *the ES to the people and the employers to the ES*. The Job Bank is being expanded to Atlanta, Chicago, Hartford, Portland, and St. Louis this fiscal year. We hope to have it operating in 30 more cities by the close of FY 1970.

Again the implications for job market information from this system will be significant. The availability of information on employer job requirements and specifications will, I am sure, have favorable effect on job opportunity or job vacancy information. It is conceivable that with the availability of employer job order information from the job bank we can redesign or redirect the coverage of sample employers so as to obtain data from those employers and for those job openings which are not available through the job bank. With the implementation of job banks in additional cities, we will want to look into this further.

The ESARS Program

There are two major considerations behind the decision to give overriding priority to the development of a computer-assisted manpower system. First, of course, is the obvious need to improve the operation of the labor market by more efficient matching of the qualifications and the needs of unemployed and underemployed with job and training opportunities and to improve the operation of the labor market by assembling better information on the characteristics and needs of jobseekers. The second consideration may be of almost equal importance. This is the management information that is needed by management at all levels of the Federal-State employment service system for planning, budgeting, operating, and evaluating.

The urgency of the need for this kind of information led to another decision to move ahead with project ESARS (Employment Security Automated Reporting System) a computerized management information system design to serve until a full blown computerized job matching system is available in all States. As part of the ESARS program, detailed information on the characteristics of *individual* applicants and the services provided them, as well as information on the services to employers, will be made available for the first time -- instead of merely gross data on transactions.

Presently some 10 million job seekers register with the employment service each year. Gross information on how many are of a certain age group, number by sex, number of disadvantaged, number of veterans, and the number by color, for example, are obtained each month from the State Employment Security agencies. Also, information, for example, is obtained on the gross number of jobseekers who were placed on jobs, number enrolled in training, and the number counselled or tested. What we are unable to do is to identify the individuals served and to relate the services provided to the characteristics of the individuals served.

With the implementation of ESARS, presently scheduled to be operational nationwide in July 1970, we will be able to relate the individual characteristics of job applicants -- such as age, sex, race and minority group, educational attainment, veterans, or unemployment insurance claimant status, handicapped, disadvantaged, or welfare, member of near-poverty family, etc., together with the employment barriers and what services to provide to each applicant.

By coupling the computer with the data on applicants, services and job order information (under ESARS job order information will be limited to occupations by DOT, industry and duration and type of opening), it will be possible to conduct periodic reviews of applicant files to identify persons who require special assistance in order to be competitive in the job market, and to undertake analytical information activities and conduct special studies which will be supportive of operating programs. In addition, plans call for following up applicants, on a sample basis, which will provide longitudinal data for measuring results over a period of time.

With the advent of computerized operations the volume of information which will become available over the next ten years will be staggering. We in the manpower information field will be challenged as never before to develop new methods and analytical techniques which will maximize the type of manpower information which will become available for effective program planning and management of manpower programs. With computer technology as a base and the continued imaginative utilization of the data compilation and analysis capacity it provides, we will have the manpower information base which is required to meet the individual needs of the jobseeker and to maximize the human resources of this Nation.

MR. GOLDSTEIN: Last week I was at a conference in London, Ohio, with vocational education directors of a number of States on the problem of how we develop information on management needs in the future and the planning of vocational education.

We made some progress in this area. We developed techniques for projecting manpower requirements, estimating how many people have to be trained to provide for the growth of each occupation, and to types and numbers of people in that occupation, and with great fanfare we presented some of these techniques and objectives to the vocational education directors.

They pointed out that before they can use these estimates of future manpower needs, one of the things they need to know is how many people are currently being trained by vocational education programs so that they can compare that training output to the general training needs of each occupation. Then they have to ask themselves how many people are being trained for these occupations in other ways, by apprenticeship, by MTP programs. And finally, we do have data on many different apprenticeship programs, at least on the number of people being trained in registered apprenticeship programs. We do have some data on the number of people being trained in the MTP and other programs supported by the Government, but the big function of this whole enterprise is how many people are being trained for each occupation in industry.

And as we look into the requisites of the research needs for a comprehensive manpower program, training in industry is one of the big gaps; so the paper that Sol Swerdloff is going to present is extremely important at this time.

Sol was for many years Chief of the Division of Manpower and Education and Outlook in BLS and, in that job, in charge of the Occupational Outlook and Manpower Projections work of the Bureau. He is now the Chief of the Division of Program, Planning, and Evaluation in the BLS.

What We Don't Know About Training in Industry

Sol Swerdloff, Chief
Division of Program Planning and Evaluation
Bureau of Labor Statistics
U.S. Department of Labor

About a year and half ago, I became Executive Secretary to a Task Force established by the Secretaries of Labor and Commerce at the direction of the President. The President's mandate was to survey training programs operated by private industry and recommend ways that the Federal Government could promote and assist training in the private sector.

It became quite clear as we got into working in this Task Force that there were serious gaps in our knowledge about training. One of the most serious was the lack of comprehensive, up-to-date, aggregate data on the nature and scope of training in private industry.

What we found was that the Labor Department was embarking on a large scale effort to expand training in the private sector without knowing very much about how much training was already taking place in industry, in what industries, and in what kind of establishments training was being done. How many persons were becoming qualified in a given year in individual occupations? What were the characteristics of the individuals being trained?

The Task Force depended on two surveys conducted by the Department of Labor in the early 1960's. (1) Training Workers in American Industry, which was a survey of employers conducted in 1962 by the Bureau of Apprenticeship to provide information on employer-sponsored formal training programs and covered establishments employing about 37 million workers, or slightly more than half of total employment.

The second major study was a Nation-wide survey to determine how non-college-graduate American workers had learned the skills needed for their present occupation. These two major training studies, while they proved very useful in providing a general understanding of the configuration of training in the private and public sectors, need to be up-dated, improved technically, and made more comprehensive.

In conjunction with his call for the establishment of this Task Force, the President requested Congress "to provide funds for a systematic study by the Secretary of Labor to answer these questions: What public and private job training programs are now available? Whom do they serve? What needs remain unmet?" But funds were not appropriated for this study.

Last week a decision was finally made by the Manpower Administration to sponsor a new survey of training in private industry or at least a feasibility study. Apparently, the decision was based on the conclusion that the 1962 data are largely obsolete since much has happened since then. Industry training had probably increased in size and scope in response to tightening job markets and the many programs for the disadvantaged that had begun. The survey will try to provide the kind of up-to-date detail on industry's training effort presently not available with answers to such questions as:

How many workers did private industry train last year? In what occupations? What type of training? Was it OJT or classroom? How many of these were entry level -- how many upgrade programs? Which industries do the most training? Which industries have the best record in training the disadvantaged and what are the characteristics of the trainees?

Another area for which little reliable data was available was the key area of training costs. In developing an effective program of financial incentives, information is needed concerning the total and component costs to employers of providing training and supportive services in specific occupations and for specific types of employees.

We found, as we started to work on the Task Force, little information on this subject. We could not get information about the costs of training individuals who were part of the Labor Department's OJT program. Even the employer reimbursement program under the JOBS doesn't give us a real insight to actual employer training costs because it is a negotiated rate.

A Department of Labor pilot study in 1966 indicated that incomplete employer records on this subject make a full-scale study of training costs not feasible. We felt, however, that the subject is of sufficient importance to merit further attempts to surmount these difficulties. For example, the problem might be approached through intensive case-studies of selected firms that have cost data. The question will also be covered in the feasibility study I previously mentioned.

Another aspect of training in industry where the Task Force found little available information is on informal training. Most American workers below the professional level acquire their skills through informal on-the-job training or through an even more casual form of pick-up training. Yet, this important method of skills acquisition has received very little study. It would be desirable to know how the effectiveness of informal training compares with formal training programs in the same occupations. Is it more effective for particular types of workers or in particular industrial or business settings? Answers to questions such as these may suggest whether, for certain occupations or categories of workers, subsidies for hiring (with informal training occurring as part of the employment process) rather than assistance for formal training programs should be emphasized. Also, valuable lessons for the development of training methods can be learned from an analysis of the informal processes by which large numbers of capable workers have acquired their skills.

The report of the Task Force argues for a Federal commitment to a comprehensive and effective national policy on training. An essential component of such a national policy or, indeed, of any major Federal activity in the area of training, is the development of reliable, detailed data on the manpower needs of the economy and the Nation's capacity to meet these needs.

Considerable research has been done along these lines in recent years. On the demand side, for example, the Task Force utilized the Labor Department projections of manpower requirements -- growth and replacement needs by occupation and by industry -- to gauge, in broad terms, the shape and scope of the Nation's training task in the years ahead. However, effective planning of Federal training programs will require projections in far greater occupational detail and for State and local areas as well as for the Nation as a whole.

Work being done to project occupational manpower requirements by the BLS, the Manpower Administration, and by individual States has been described at this conference. Manpower forecasting is still, at best, an imperfect art. Continuing research and experimentation are needed to improve this basic tool of manpower analysis.

The information on projected manpower supply is far less satisfactory. While good projections are available from the Bureau of Labor Statistics on the projected total manpower supply, by age, sex, and race, little information is available on future manpower resources by occupation. Estimates of future manpower supply are limited principally to professional occupations because of the ready availability of projections of college graduations by discipline. However, the wide variety of methods by which workers are trained in occupations below the professional level presents formidable methods problems to the researcher. The subject, nevertheless, needs to be pursued because of the key importance of this information.

Little research has been done on the relative effectiveness of alternative methods or combinations of methods of learning an occupation. Manpower planning could be considerably enhanced if administrators knew, for individual occupations, whether vocational education, apprenticeship, military training, or information methods, or combinations of these approaches yield the greatest cost-effectiveness. Some of the research sponsored by Manpower Administration is starting to give some answers. This is especially true of the Horwitz Study of Tool and Die Makers. Similarly, now under consideration is a project to evaluate, in a series of labor areas, the relative effectiveness in terms of meeting the training and employment needs of individuals and employers of training provided in MDTA skill centers compared with training provided in conventional institutional training.

The problem of assessing the Nation's future manpower supply has another dimension: The job market behavior of specific groups in the work force. Research is needed on the work patterns of individuals socio-economic groups in the population so that public policy may anticipate, with greater precision, their individual training and retraining needs. Studies of the employment careers of women are of particular interest because of the growing rate of female participation in the labor force and because of the unique training needs arising from the increasingly characteristic pattern of "three careers" in the working lives of women: employment prior to marriage; part-time working during the early years of marriage; and re-entry into full-time employment during their mature years.

In the Task Force report, we identified some of the barriers to employer training: Fear of "pirating;" preference for other methods of meeting manpower needs such as intensive recruitment of skilled workers, overtime and job rearrangement; and underestimation of the value of training.

The most controversial subject in the task force deliberations was the best way of reimbursing employers for the extra cost of hiring and training the hard-core unemployed. The majority of the task force thought that direct payment was the preferred method and did not favor the use of tax incentives. A minority on the task force favored a more flexible approach -- using both direct payments and tax credits for reimbursing employers for training "certified" individuals. The Department is now considering an experimental program to test the effectiveness of using tax credits in inducing employers to hire and train the hard-core unemployed and compare this effectiveness with the JOBS program approach. Perhaps Dr. Borus may wish to speak more about this experiment.

In the course of visits to firms and meetings with Federal training specialists, the members observed and were informed of outstanding industry training programs. While these training experiences have been reported in trade and professional journals, they have not generally been subjected to systematic study and evaluation. Such evaluations of successful industry training programs and techniques -- both Government and non-Government supported should be conducted in areas of public interest, such as the work preparation of the disadvantaged, and training for skill shortages. Following evaluation, information on the most effective and efficient methods of training should be disseminated among business, industry and others engaged in training.

Surely, an understanding of the effectiveness of ongoing Federally-supported programs and a capacity to evaluate future programs is essential to the determination of future public policies with respect to training in industry.

As is pointed out in one of the Task Force's recommendations, a thorough review should be made of Federal laws and administrative practices which may serve to discourage training in industry. For example, research should be undertaken to determine whether, under the unemployment insurance system, the risk of an undesirable merit rating due to turnover constitutes a barrier to employer hiring and training of seriously disadvantaged persons and, if this is the case, how this problem can be overcome. Some of the members of the Task Force felt that the Fair Labor Standards Act's child labor provisions and provisions for special minimum wages for learners should be examined to determine whether their modification would encourage an expansion of training in business and industry and whether such revisions in the act would be feasible or desirable.

It has been suggested that unnecessarily stringent criteria for security clearance of persons employed in private industry under Government contracts may inhibit employment and training. Administrative practices such as these should be carefully reviewed and, where appropriate, remedial action recommended.

There may be institutional barriers to training which need to be studied, other than those posed by Federal laws and regulations. For example, the provisions of collective bargaining agreements, such as seniority provisions and established job classifications, should be evaluated to determine whether they serve to inhibit the establishment of industry training programs in areas of Federal interest. State and local laws which provide for the licensing of specific occupations should be studied to determine whether the requirements for licensing unnecessarily bar individuals from training and entry into occupations in which there are manpower shortages.

Finally, the Task Force benefited from its limited review of the experience of other countries in stimulating and assisting training in private sector. A continuing evaluation of these experiences is highly desirable.

The Task Force was especially impressed by the results achieved thus far under the recent programs established under the British Industrial Training Act. American researchers should give particular attention to progress under that system. Thank you.

MR. GOLDSTEIN: Thank you, Sol. You know, you now have three discussants on the papers that have been presented. The first of them is Sar A. Levitan.

Sar A. Levitan, Director
Center for Manpower Policy Studies and
Research Professor of Economics
The George Washington University

Sol Swerdloff presented an excellent paper about what his Commission has done. We know precious little about what it costs to train people, and how much training is being done by private industry. At the same time, the Government had already expended over $100-million to subsidize such training.

So I am still in the never-never-land but I can't go into it too heavily, since I have very little time, and so I would like to turn to the subject with which I am more familiar, namely, the business of evaluation.

Al Zuck and I some months ago started preparing some of the information and we came up with different results.

Sol has told you, that we don't have enough data about the costs of training, and, at the same time, I am not sure, really, that while, on the Job Corps, they had a great deal of data, that there is enough. They really need and want the data. That is something that you and I have talked about before. The Job Corps is a very excellent program, for those who do get reimbursement or subsidies from the Labor Department.

And, in this institutional training, I think somebody in the Labor Department will say, "No, I don't know what the answer to that is."

I would think that in this society, with all these high level technicians we have, that somebody would try to find out what it actually costs, who gets the jobs, money for what, and what is being done.

I think there is also a problem, Al, that you should probably have touched on, and at least I think it is important, who is going to do all that? In simpler language, who is going to be the goat. And I don't think, Al, that you can go out and do it, because you are a very sensitive man, and I am afraid that there is a difference between you and me, Al, that is disappearing very rapidly. We are getting more and more on your payroll, although it is paid by a different computer. And we are, therefore, getting too sensitive about what government officials think, and I am afraid that getting data to make a quite honest evaluation is becoming less and less possible.

So, therefore, again, when I talk about evaluation, I mean not only who wants it but who is going to supply it.

Since my time is up, let me make this remark -- I would say, Al, finally, you ended up your paper very impressively about the lack of additional data, and I am not taking any exception to that, about the lack of additional data, but will you, Al, tell us, please, where we want to go and for what purposes, and then I would say that if you don't know where you want to go, then any road will take you there.

MR. GOLDSTEIN: Thank you Sar. Our next discussant is someone who needs no introduction to this group, and somebody who is invariably introduced to this group every evening, and so all I want to say about Aryness Wickens is that I have had the pleasure to know Aryness over the last many years, going back a long time, and even longer in the State relations. When the stables needed to be cleaned, she is the one who pitched in and did it.

Aryness J. Wickens, Director
Office of Manpower Management Data Systems
Manpower Administration
U.S. Department of Labor

Mr. Chairman, I have been introduced in a lot of ways in my life, and never before has anybody pictured me with a pitch fork cleaning stables.

I think we are trying to be too precise about what is really, almost, an article of faith. The assumption in the United States has been that education is a good thing, and that education means, of course, the training of workmen, if you use this in Henry Adams' phrase.

Also, we have assumed from that, that training relates to a vocation, which was also a good thing per se.

Now, my first point to all of you is why put a spotlight on us just because we are new in the game. Why doesn't somebody look, really, at the results of the educational system, vocational educational system, which has been going on for a decade. Why shouldn't we look at the results of this army of training, and look at training as a whole as it is available?

The second point I would like to make arises from yesterday's discussion. We have to meet the problem of letting an individual hold a job so as to participate in society effectively. We now have it. We are invoking many disciplines and we are also invoking many institutions, welfare institutions, the school, political institutions, and we are creating new groupings of people, new pressure groups in the community.

All of a sudden we are given an individual, and try to move him from a state of unemployment through to a satisfactory state of employment. We find ourselves dealing with all of these things, and we are asked to measure what is the effect upon individuals of various components of all kinds of services. I say to you that this is a cooperative effort, it isn't just manpower training. The Department of Labor and its facilities is a whole pool of this, and this is significant on a local level as well as national.

I think we ought to re-look at the source of our data if we are going to look at the progress of individuals who are involved in these programs, and I agree with what was said, it has to be done on a sample basis. It is not going to be done on a master plan basis.

Now, let me come to our problem of why we don't have complete data. Instead of being critical about this, I think the thing to do is to try to figure out where something could be done, just so we go along and try to plan on what to do, and to measure it with some precision. Precision is the wrong word, perhaps. We will never measure the results of the programs with the precision of BLS, since I am struggling to know how many people are in on all of these programs and how many will climb aboard in the future. We can't tell you how many people are on board in every one of the working programs at the end of every month, a few days of the week, or minutes of the day. I never published it because I am afraid of statistics.

But seriously I don't know how many people there are, but I know what programs there are. I know what projects there are. I could list them side by side. I must get hold somehow of a distribution system to get what we now know across, our know how, and you will have to give us just a few more months, to get data on how many people there are in a project, what the drop out rate is, and to use television, radio and newspapers, to get the information home. We are working hard to get the principle across to participants in all projects, working in training programs.

So there is garbled data, and they are not evaluated. But the evaluation can begin with that, and most important, they answer certain questions, certain broad questions. These are the many and gross things we can do in the same way as management is going to look this over. I don't know. They are not just a problem for one, because they are too detailed. But as I come to the rest of the application, you can take a look at the summary employment program, the data we have produced merely the first month that program was in operation, along with the financial data, and you come back with the thought right then that the three or four summary employment programs were not run well at all. But we do need to have some information which would enable us to do something that the Department of Labor has never done before outside the employment circles, which was to look at the effectiveness of the management of these programs, seven thousand projects and a million people going through.

The problem of operating with such masses of people and getting information to them has been, we think, ignored. I went along with this system, carried it on, never giving in on the program because I don't find much appeal in getting a new data system installed, and funds, in one year all at once.

But we are going about doing something now on evaluation which I think is a constructive effort. We are using social security records and we will be on the way with this within another month to test the earnings and the employment of MDTA and NYC above skilled enrollees in production, who have completed training, and we are getting records of employment as well as earnings. We will, therefore, have an indication of the continuity of employment as well as earnings. We will then proceed to other areas, doing the same thing with a sample from our MDTA files and control group located from the social security force records.

This is the most comprehensive and least expensive way to follow our former trainees that are now in employment. We hope then to utilize this in connection with our other training programs.

Every NYC program was to keep people in school, not keep them out of school. Training was given young people to keep them in jobs, to try to give them some work experience. So don't question who, but that we are not the only factor in these methods, and don't try to criticize training, where training was never attempted.

When it comes to evaluate all the facts of different packages of services I can't in any way count in terms of services. I can only add them up in dollars or in hours spent. And this is a very liberal thing to do. So it is all very good to say to these people, that is why we have to have an evaluation, and it would be useful to have it.

I want it to be limited at the local level to begin with, where possible to do so. We are under great pressure in an area that none of us has ever engaged in. But those of you out in the sticks and throughout the country, please, give us your suggestions to see how we can reduce the duplication and overlapping and perhaps for us to go forward with what we have and to establish the areas. Those in this newly created fight against mismanagement of data systems, I ask you to please get to work in establishing training schools in rural areas, because the more data we have, the more we will be able to improve your requirements.

Now, I am going to sit down. I think I talked for almost ten minutes, and that is much too long.

MR. GOLDSTEIN: Our third discussant is Michael E. Borus. I believe he may be thought of as the official actively in residence on training.

Micheal E. Borus, Brookings Economic Policy Fellow
Manpower Administration
U.S. Department of Labor

I suggest that you get and read a copy of the report of the Task Force on Occupational Training in Industry.

The Manpower Administration took six years to attack these problems.

The information we need in these areas is vital.

We are now talking about tax incentives in industry, yet we do not have the basic knowledge, the basic information which we need to develop and create this program. We need to get on this area of training in industry. We need to get on it immediately.

Let me say a word or two about the computer job meshing system. I don't really think it is sacred. It takes a certain number of human beings to program things and you get what you put in. I think, however, that we need to evaluate these programs as we go along. We need to answer such questions as does the computer lead to a greater number of applicants, job orders, and placements than would have occurred otherwise, if we were to take that money that we put into computers and put it into other needs.

Daily connection with the number of job orders seems to have gone up. We have placed them in Baltimore, and we are placing more on a day-to-day basis.

We don't know whether this would have occurred otherwise. We want to know the answer to the question: Does the Computer system save time necessary to make a placement? I don't think we know yet. Nor does the computer system improve the quality of the placement.

There are also some special features to the computer's job meshing system which needs to be developed, for instance, the Utah employment service. These are special areas in the office to which most of the applicants are referred, and in these centers they examine computer print-outs of all the job openings in the state.

These computer listings are by-products of the job meshing system, and allow the agency to consider jobs, other than those which they might be concerned with.

You must consider the effect on the employment service employer in his regular activity. It allows him and the employment service to broaden the scope of research beyond just one or two DOT jobs.

Emphasis should be placed on this new type of inventive use of the computer in addition to merely the job meshing capability.

Finally, let me turn to Al Zuck's paper.

I picked up a copy -- this will really touch you -- that is, the need of your program operators to have information as the program is going along. The program operator can't wait the 4 or 5 years it takes to gather this information. It is a mistake to try and come up with information on whether this program was or was not good back in 1962 or 1963. He needs the information today, or better yet yesterday.

We have to put the emphasis on certain administrative studies. We have looked at procedures, processes, and interrelationships among agencies. These studies, while dirty, are quick, and that is their chief attribute; and I believe that we can make them very useful, however, with just a little additional research.

We have two alternatives. First, we come to the conclusion that we can clean them up. To do this, we need to know the goals of these administrative studies; how many people are in the program, how many were placed in training related jobs, for instance, and whether these goals are the successful goals. We should continue to use those goals which accurately predict long-run success. The others we would discard.

Alternatively, 37 States, D. C. and Puerto Rico presently collect earnings information. But from large segments of the population, the cost of research is very low, of course, because you pull them out daily for U. I. purposes, 10 cents a head as compared to $50 at the Census Bureau.

Since delay is now charged for follow-ups, I think we can set up some quick analysis modes flow in this information. I believe that there are codes in the coverage of U. I. earnings information, but I think using this information we can plug it in quickly and get quick results on keying of the program, and at a very low cost, and I think with a good degree of accuracy.

The problems of control groups which Al brought up have been around since the day one of evaluation, and I fear it will be around until the day of infinity of evaluation.

Each of us realizes that he is the only true prophet in this field and has the only accurate control group, and everybody else's control groups are garbage.

I think, however, that if we have a small methological study where we talk to several of these control groups, find out what their work experience was and see whether there are, in fact, any differences between the various control groups that we have used, we can tell which are better, how systematic we have to be in these areas, whether we had to randomize them or not.

This small study, I think, can answer many questions and give considerable light to the delay which has generated much more heat than anything else.

Finally, let me warn Al that even when we settle all the problems that he mentioned this morning, he will still have a job. We still will have many research problems that he can come back and talk to us about, next year and the year after that and the year after that.

One which is a pet of mine is what affects different programs for all persons who are not participants in the program? Are there displacements of people? Are we merely shuffling the chairs? Are there multiple effects? Are we doing, in fact, more than we thought we were doing?

To measure the significant and thorough affects will make program participation look like child's play.

MR. GOLDSTEIN: Thank you. I am told that we have until 12:30, so we have time for some disscussion, some questions from the floor.

Before we get to that point, I would like to go through the speakers for a couple of minutes, if they want to comment on any point that has been brought up.

MR. ZUCK: I don't think so.

MR. SWERDLOFF: No.

MR. GOLDSTEIN: I will entertain questions or comments from the floor.

MR. SINGLETON: I came here yesterday around 3:30. I attended most of the sessions. I heard a great deal of talk about training programs, trainees, and so forth. I said to myself, "Here we are talking about other institutions, what we can do for other agencies, what we can do in industry, and so forth."

And I said, "What is the Department of Labor, what is the State Employment Service doing as far as recruiting minority people?"

From time to time I received many letters, phone calls, asking my Department to go out to the various civil service agencies to see what they are doing to employ minority people.

I have gone to the Department of Labor. I have gone to the State Employment Service, and I asked these questions and got a run-around.

So the question is, again, what is the Department of Labor doing to seek out and employ minority people.

Again, I think it should be looked into how we get involved with some of your interviewers and find out how they are related.

MR. GOLDSTEIN: Thank you, Mr. Singleton. I think you have made your point effectively. I don't know if you really mean that as a question. It is a rhetorical question in a sense.

If anyone is in a position to answer that here, either in terms of the efforts being made by the Department of Labor and State Employment Service agencies to train, to recruit minority group members, or the kind of attitudes of interviewers, I would be glad to recognize him.

MR. CHAVRID: I think I can answer some of the questions brought out by Mr. Singleton. It so happens that the management, the recruitment of people, is in my area of responsibility. I know that there is a great deal of effort being made to recruit people.

So to this extent I am quite happy to report that the people from the minority groups have been sought out no matter where they are located. I am sure that such seeking out probably would be better if they were sought out by your own people, if those people could somehow be put on the payroll.

Efforts are being made to put them on the payroll because without saying how, there are all kinds of ways being made, in order to get them on the payroll, so that this could speak to the question that this young man was asking.

MR. GOLDSTEIN: Are there any other questions or comments on the subject of the meeting?

MR. HINRICHS: I have a question of Mr. Zuck. I understand perfectly that you want to use a sample, and why one would use a sample on a national level. I can see how it might be used to solve Mr. Ginsburg's problem.

But what are you going to propose for the handling of operations statistics, evaluation statistics in a community as small as Syracuse or Utica or Rome?

What are you going to do, and what do you propose to set up as models for the behavior of the smaller communities?

MR. ZUCK: The question is -- let me try to restate it and see if I got it correctly -- when we talk about taking samples from 23 States, or something like that we ought to try to do the same thing on a nationwide sample for evaluation purposes.

One is concerned about programs at the local level, and the example of Syracuse, New York; the kind of information you are looking for, which is necessary for effective management and manpowering of that project.

Clearly, you were correct. I was talking about a sample at a national level for an overall evaluation. And I think there is a very good sample there. But the very real question, when you come down to a city level, or locality, is whether or not a sampling makes sense.

But I would make this distinction and I hope I wasn't misunderstood on that. I was not suggesting that we eliminate the kinds of operating statistics completely that are needed for program management in favor of doing national sampling.

I think that you do need, a lot of information at the local level and maybe a lot more information than is being reported for the data system for effective management of that project.

In answer to the other part of your question, what are we doing about information for the local level, we have not at this point done anything on this, I don't think. I don't know whether we will stop at that point or not.

MRS. WICKENS: May I say that I think Mr. Hinrichs is terribly right. At the local level we do have a problem. We have to look at this problem in a realistic way, and essentially this is going to have to be resolved, so that we provide the office, the administrative supervisor's office, with the information that is needed.

However, what has been lacking here is sufficient supervisory personnel to monitor it. And here is the sense of management, to use a term, of the operations on several programs.

MR. CALLI: This is addressed to Mr. Swerdloff. The members of the council recommended that there should be an evaluation, a review of the expense of such work as we are concerned with. Specifically, what aspects of the apprenticeship program should the Task Force confine itself to?

MR. SWERDLOFF: The question was what did the Task Force mean when they recommended that there should be an evaluation of the Apprenticeship Program? Well, the employers came in the first day and they upset the total numbers right away by saying, why do we have to have three years, why do we have to have four years, and the question is, is this the right way to teach this occupation, or is there a better way to teach the same occupation?

The question that arises is whether apprenticeship might be only to train the less highly skilled people in the occupation or to train supervisors.

One of the things that the Apprenticeship people talk about is how many of the apprentices become supervisors, managers, etc. and the question is, is that the way to train managers. Most occupations only fill a small percent of the total needs for those occupations, you know, and we have two million people training for that particular job. Should we train them for the all-around task? Should we train them for a piece of the occupation?

I think this all points to the question of the form of training, and, certainly, it has changed over the years. Some people like it and say apparently it does work in some respects, but, you know, we want to know this, and that, and we come in and talk with personnel. People think you are either ducking or adoping some of the studies which will be pursued and others might have some other ideas.

Frankly, I think we were just not able to find some of the information.

MR. BERMAN: I am involved with the apprenticeship system in New York and I would like to attempt to answer some of the questions which Sol raised.

In the first place, I can say that in this State we are contemplating -- and this is going to be a tough one -- not only to follow up for one year but to follow up apprenticeships 10 years ago. Not only are we going to study the apprentices but hopefully we are going to study those who dropped out of the apprenticeship system, which is roughly equal to the number of apprenticeships in New York.

We should be able to determine something as to whether the individuals who had two years of training and then dropped out eventually became part of that industry, or not, and whether their reason for dropping out was because of the amount of money, which I suspect, for a lot, it was.

So hopefully, perhaps within a couple of years we will have some of these answers.

MR. LEVINE: I would just like to ask the question whether there is a danger that in all our studies of manpower training on the job that would be accorded us in vehicles through occupation, that there isn't a detriment to the study not going to be objective enough, and objective in terms of what are they doing, could it be done in a shorter period of time, in three years, or two years, instead of four.

Without looking at the non-objective realities that are behind the scene, really, that dictate the needs, what is the nature of the training in the United States? I don't care whether it is a union relationship or whether it is employer, subsidy or government, or whatever.

And, in that, in my reply to people, I must say I don't think there are -- that your research for manpower training is right for the trainee.

MR. GOLDSTEIN: Lou, if I may say, you seem to have addressed your comment to me, I agree with you fully. To try to deal with the problem, you've got to know the full story, and in all the complexities that exist, and including, incidentally, political aspects.

You are not going to deal with it successfully and yet I think you would agree, Lou, that if we would just take the view that whatever it is, we have to live with it, we would never get anywhere. So I would like to say a kind word for objectivity and science.

MR. BIENSTOCK: I realize that we are running close to the end of the session but I would like to make a comment to Dr. Hinrichs' discussion.

After all, samples can run from 0.000 to 99.999. I suppose for places like Syracuse we can consider that closer to the upper limit.

And I want to ask a question of Mr. Borus, expressing, if I may, the effect of growing projects, and supposition on my part, with respect to the administrator, the question is presumably this, when will the administrator get the answer? Who wants to have a question answered tomorrow, or the day after tomorrow? I mean, to understand that, he has to plan today or yesterday. It is the shortsightedness of administrators that leads to the kind of thing that occurred with the program which was described yesterday, where no money is provided for evaluation and the project is turned down for lack of evaluation.

MR. BORUS: If I understand the first part of the question, it is not a question, it is a statement, to which I can only reply here is that we do need some short-term measures as well as some really first rate evaluation studies, and that we can clean up what we have to use day to day, that we can't wait for the long-term stuff to come around. There is no argument at all, we have to build it in.

MR. ZUCK: May I make a comment? I guess I got Mike into trouble by my remarks, not using the part of the speech I had written. And that is, you have identified a real problem. I was talking about the problem of administrators.

You are always fighting, you know, about how you are going to use the money. And what happens in three years from now, two years from now, the question will be raised what was the impact of the program? And we won't have the answer. The reason we don't have the answer is because our money didn't come forward.

But it is a very real problem, and also a problem that I tried to identify in data. The big problem that Aryness had, even though she didn't identify it, is that every month somebody wants to report on something that the system is not designed to provide, has never been designed to provide, because every month we think of something new we want. And somehow we've got to learn that you don't design a system to give you information that somebody didn't anticipate.

And part of the problem, I think, is that we don't understand, really, that program administrators are not really clear on the objectives for the program and what criteria and standards are to be established.

We have found ourselves in the position of being evaluated, being asked to say, being asked the question, what are the objectives of that program, and I can contend this is not a question for the evaluators, this is a question for the program operators, program planners.

MRS. WICKENS: May I just add one remark to this effect -- are you people aware that outside of MDTA we do not have a long-range system, follow-up program for any of our programs? And by long-range, I mean, beyond a year. And for some of them we have none whatsoever. And this is in part because the people who have administered the program said "Don't bother us, we don't want to be bothered."

But this is the situation we find ourselves in. We have mounted these programs so fast that the follow-up component was never built into it. It is the responsibility of the data people to fight for the right to do that.

MR. BIENSTOCK: Ladies and gentlemen, I don't want to interrupt your eating, but I wonder if I may have your attention for just a minute.

I have the pleasure to bring to you again the Secretary of Labor from Puerto Rico, Mrs. Julia de Vincenti, who has a very special statement to make to you which all of you, I think, would be interested in.

MRS. DE VINCENTI: Ladies and gentlemen, I am not going to make a speech, but I am bringing to you from the Honorable Governor of Puerto Rico, Mr. Bilella, a very heartfelt invitation for this Conference to convene next year in San Juan, Puerto Rico.

MR. BIENSTOCK, I hope, when you are asked to make your decision, you will vote aye.

Chairman: Eli Cohen, Director
National Committee on Employment of Youth

Let me introduce our speaker, Arnold E. Weber, who has all the credentials that you expect of a gentlemen in his position.

He has a Ph.D. in Economics from MIT. He is a professor of industrial relations, was formerly with University of Chicago School of Business, and was director of research there.

And while Dr. Weber is new to his position in the Labor Department, he is really not new to the Labor Department itself.

Among the responsibilities he has carried out in the past is that of vice-chairman of a Task Force designed to improve the employment service, Chairman of the Research Advisory Committee to the USES as well as consultant to the President Advisory Committee on labor-management policy.

In the four months he has been on the job, I am told he has accomplished a great many miracles, not the least of which was the reorganization of the manpower organization.

It is my great pleasure to introduce Dr. Arnold Weber, who will talk on the subject of the role of statistics in the development and resumption of a manpower policy.

Arnold R. Weber, Assistant Secretary for Manpower
U.S. Department of Labor

It is a great pleasure for me to be here, and in deciding what to talk about, I decided to talk to you about the current undergraduate tension, to try to make myself relevant.

I am fresh from the campus myself, and obviously the only reason I left the University of Chicago was to get away from such things and find tranquility in the Department of Labor.

You know, one of the chronic complaints about the educational system--and probably about assistant secretaries--is that they are irrelevant. So I have made a concerted effort to make my remarks relevant.

Now, as I indicated to you, I come to my present post from academia where I was certainly as much a producer as I was a user of statistics.

I am now in a situation where essentially I am a user or a consumer, and my primary job, besides trying to stay on my feet, is to participate in the management of a rather large and elaborate organization. I also make policy, and in the last four or five months it has been my privilege to participate in the development of various new policies--policy with respect to organization of manpower, administrative policy with respect to the job corps, policy with respect to the revision of the Johnson budget, and policy with respect to the orientation of various existing manpower programs.

Now, when I was a dean at the university, I always thought what I was doing was relevant and somehow flowed into the series of tributaries in the stream of policy making. It was of some importance to me to see the relevance of statistics and research findings in general as it contributed to the process of policy making. So I would like to add this point, to share with you some reflections about the role that statistics--and particularly labor statistics--have played in the formulation of policy in the real world.

Of course, in Washington, you begin to feel it is either too real or unreal. But, in any case you have to operate within that environment. And there were certain surprises to me, and certain elements of disbelief, and certain elements of chagrin, and in order to appreciate the role of statistics in the formulation and administration of manpower policies, you have to look at all the statistics.

I assume that most of you people here are involved in one way or another in the production and use of labor statistics. And even the ladies here are probably sensitive about payroll figures and hours of work, particularly with respect to their husbands. It is important to know, as a sort of set constraints, how the pressure of policy making works in a very general sense, and the conditions to which you could put statistics to work either as blunderbuses or as surgical instruments and maybe find your major adjustments in policies.

Let me give you initially some general observations concerning the processes of policy formulation and how statistics relate to this. This, of course, is based on my short and traumatic experience over the last five months. And I must say, I always believed you did your best teaching in the first year that you started to teach, before hardening of your lecture notes set in. And it might be true that you do your best policy making the first year that you are in office, when you are not aware of what you really can't do, because you are not aware of Senator So-and-So's fetish about this program and Congressman X's committment to another program at this point in time.

Well, first, you talk about the process of policy formulation, and how it conditions the use of statistics, which is produced on the assumption that it helps people do something called governing or administering. You can't understate the importance of ideological considerations as they condition the process policy formulas and the use of statistics. There were, you know, for the last eight years Democratic goals, which reflect the particular ideology of the Democratic policy. Well, now there is a new bunch in there and the new bunch has their own goals and I am not saying this in any comparative way but merely as an ideological observation.

And there were all sorts of ideological compulsions. You may say, during the Halcyon days and during the war on poverty, it was important to demonstrate statistically and otherwise how many poor people you had in this country. And today, maybe it is equally fashionable to determine how many affluent people you have in this country, or how many people have moved out of the situation of poverty into a middle class status.

So what I am saying is that there are clear elements of ideology which condition your approach to policy, and which ultimately condition the kinds of statistics you look for and the use to which you put the data. Now, the Job Corps is an example. Our most recent experience with the Job Corps is a good case in point. As Bill Goldberg, who is the head of our Policy Planning Group, said, we have all learned a great deal more about penguins than we really would like to know. I really learned more about the Job Corps than I really would like to know.

Nonetheless, it was designed to cause exposure to it. You could see how everybody was dragging their tail behind them, if you will, and that is meant as a statistical metaphor and not a carnal one.

For example, they would say, "Well, you are setting the job corps as only a device which really gets at the hard core," and they cite income figures; and we say, "Really, that is illusory, because when you look at the arrest records of the enrollees, only 8% have really been arrested for serious crimes." And they will say, "Well, really, it is the only way to reach a kid in the ghetto, and you are counting him out." And they will provide statistics which indicate that 58% of the enrollees were black, which turns out to be considerably lower than the proportion of minority enrollment in most of our other manpower programs. But we would say, "Yeah, but only 28% come from cities over 250,000, so how could that be reaching the group in the large urban ghettos for whom you really want to use the Job Corps as an avenue of upward mobility."

Similarly, if you look at things like unemployment insurance, one of the critical issues there is the adequacy of unemployment insurance benefits. Should you have, therefore, Federal benefits standards rather than leaving it to the State? Since the Federal Government has had the disposition to impose Federal standards, the data were used, and the statistics they have always looked at, are benefit levels as a proportion of average earnings. Well, when you think about it, the relevant statistics are benefit levels as a proportion of the wages of the average claimant; because, if you talk about average wages in general, you are taking into account certain high price codes where you have a very low probability of ever getting unemployment insurance, and obviously that provides a distorted approach. What I am saying is that given ideological considerations, your approach to policy making is conditioned, this ideology conditions the types of statistics that you think are important and the subsequent use of those statistics.

Another important consideration in the process of policy formulation is the deadline placed on you. When I was at the university, the route of policy formulation was first get a Ford Foundation grant. And then you work up something called reward design, that is, your methology in doing this, and then you go ahead in the collection of whatever data you can find. You look at your residuals in terms of your co-efficiencies, and somewhere, way off in the distance, you know, given the absence of other distractions, you will reach a decision--right?--and if you don't, maybe we are all better off.

The normal procedure in the government is somebody sends down a memo, normally with the White House on it. For all you know, the mail boy stole the stationery. Of course, it did have the White House on it. It says--this is Monday--it says by Thursday, we would like to have your plan for reform of the welfare system. I call in Al, and some of these other people, and I say, "Have the complete thing on my desk by Wednesday," because, after all, of course I have to look it over and put my approval on it. It really isn't that bad. But I mean, this might be a characteristic, of the new administration, where you have to create a sense of momentum. But in talking to some of the old scouts around there, it is really not any different from before.

Let us assume that you are going to reform the welfare system So you have to find out something, perhaps, about the welfare recipient, something about the working poor, something about the demographic factors, about the geographical distribution.

So given the extreme time constraints and the relevant statistics which apply, it is really foolhardy in many instances to show the synonymousness of production, if you will, between the generation of statistics formulation and policy. More likely policy formulation moves ahead on a very erratic time schedule, and you have to have a bank of statistics which somebody, at a very early stage, had an intuitive hunch might be used in some future stage. In large measure, that is the best thing you can do. So, to some extent, that becomes an argument not for relevance in connection with the collection and use of statistics, but really an argument for irrelevancy at a particular point in time.

The third consideration which conditions policy formulation and use of statistics is the budgetary process. When you get down there, you learn, like that famous Herald-Tribune editorial said, "Yes, Virginia, there is a Bureau of Budget lurking out there with scissors and red pencil cutting up what you do." If you are talking about policy formulation, you can always look at it this way--for instance, if the policy really means anything in the long run, you are talking about budget. A budget is a mirror of the organization, whether it is a university, government or private industry, and you have to look at certain factors. And certainly, I think, in the United States, you have a big paradox on the policy of policy formulation. Under a large constraint in time, the budgetary process tends to be projected way into time. So that means, first, you have to make many very short term decisions based on intuition concerning future developments.

Let me give you this example. We are now in fiscal 1969. We are holding hearings on our budget for fiscal 1970, which runs over to June 30, 1970. We have had our first preview with the Bureau of the Budget for fiscal 1971, which will carry us all the way into 1971. We just came into office, and they are saying, "All right, we want to talk to you. It is nothing final, we are looking for clues as to what program projects you want to emphasize with respect to your budget." That won't become effective until at least three years hence, at which time the issues that you have indicated might be stale and inappropriate. There is a very interesting example of this concerning Geoffrey Moore. The Secretary of Labor decided to make study reflecting his normally astute judgment on such matters--not normally, but always astute judgment on such matters. "We have to look at this whole problem of youth accomplishments, and youth labor force." So he goes to a particular university, and discovers that they have conducted intensive studies under the leadership of Jeff Moore, Bureau of Labor Statistics, with the active participation of the Manpower Administration. We are all very excited about it, and we are getting in our ammunition and some staff, and the BLS people are moving ahead at a very accelerated pace. The results of those studies, which are being carried out on a crash basis, probably won't be done and on hand until sometime in September and October, and that is moving--that is moving, and I mean that in a flattering sense. Well, by that time the budget for 1971 will have been just about cleared by the Bureau of Budget. So if we have anything to see stemming from our statistical analysis from these studies, it won't enter into the stream of things until the next fiscal year, at least two years hence. And who knows what is going to be the issue at that point in time. So what I am saying is that for statistics to be used, particularly those statistics which are the aim of special studies, there must be some synchronization of the generation of statistics with the budgeting process, in order to make those statistics meaningful in terms of developing a key policy which governs the activities of an organization.

The fourth item about the policy making process, which is relevant to keep in mind when you talk about statistics, is the existence of bureaucratic and client vested interests and, the development of certain rules of public administration.

If anybody comes up to me and he says "I am not being bureaucratic," and then he gives an argument, I know he is being just that. He wants to protect this particular personnel and budgets and manpower and what have you. It means extra money for the manpower program. The manpower programs are a development over the last seven years. So the budget is a chronic link in this gambit of manpower programs. As a full member myself, I am trying to learn one abbreviation a day, and by the end of the year I would have learned it all. I am seeking to be the head of the class, but I am rapidly falling behind. There is NYC in school, out of school, summer, new careers, operation main stream, Job Corps, VF, ad infinitum. And the important thing to understand about that is that behind every one of those programs lurks a vested interest. For example, we tried to change something about the NYCF school program. We immediately ended the tuition payment, but fifty mayors have established NYC at the schools as their summer program, which is a basic element in its program to deal with certain city population. We are talking from a national level and we are saying "No, we have to change the priorities," and that means you have to shove around your funds. If you try to do that, you always run afoul of the conflicts which arise from the establishment of vested interests with respect to any program.

All I am saying is that when you want to change policy, and you want to use your statistics, let's use them. Let's use cost benefit ratios, and high valuation, also, because the theory is that they might be relating them against a whole host of external considerations, which, in the short run, at least, might be clearly determined. Now, if you really want to get good statistics showing the effects of different programs, you should be able to experiment, contrasting to the whole range of variables. We can do that quietly with social policies, and try to develop certain deeper resident techniques, recreation analysis, which purport to extend a contribution of different variables to certain types of behavior or performance. In most instances, they are very unsatisfactory, because the data are unsatisfactory and because you have to use proxy variables rather than direct variables. So I guess what I am saying is one of the deficiencies or characteristics of policy formulation, particularly as it relates to the use of statistics, is the inability to get collection data which can be generated in most instances primarily through experimental projects.

I would say, therefore, it was their program in Jersey, and it is now at the end of the first year, and our friends at Princeton are busily analyzing their data. Meanwhile, at Washington, they are analyzing the welfare system and relating it to negative narrow context concepts.

And the output from this so-called experiment, as far as I can see, has had no directly contingent effect upon the process of policy formulation.

Now, given this characteristic of policy formulation, so far as this question of the types of statistics that we, as policy makers need, I would quickly say, there are three forms. One type is what I call adversary statistics, those statistics which you must use for defensive and offensive purposes to defend ideological considerations or to defend bureaucratic considerations. For example, there is the correct base data, generated by SECUS, which, in a data system is actually invaluable, not in an academic sense but in a strategic sense, because it permitted us to say our programs are better than your programs. And I think you fellows who are concerned with statistics have to keep in mind that part of the statistics fall into a channel which is to be used by policy makers in defining their policy, and in some instances attacking the policies which already exist.

The second type is what I would call policy planning statistics and these policy planning statistics are statistics that are by and large discreet. This type is continuous and grows out of special projects which reflect hypotheses that certain issues are important for purposes of new policy direction. For example, we want to do something about urban, inter-rural manpower impacts. We have to have statistics that show how people live in rural areas, what the pattern of employment is, and whatever a large distribution is. I don't think we should have this on a continuing basis, but I think we need it as far as planning is concerned with respect to the particular policy options. Now, this constitutes your bank of statistics. And somebody once said--I guess it was Cindy Ann--you know, there is nothing that can stand in the way of an idea. I think the time is coming when you can say the same thing about statistics. But you have to be prepared to recognize that there is also nothing new about resuscitating the statistics, or the time will never come in terms of developing particular programs.

The third type of statistics which it seems to me are important to mention is what I would call superordinate statistics--that is a five dollar word, and I haven't finished, I still have a few left--I distinguish them to subordinate statistics. Superordinate statistics generally are continuous as a series, and are self-comparative among themselves every time, having such validity and such acceptance and such general significance that they dominate policy. And of course, in that area we have CPI, employment and unemployment statistics, and manpower statistics, things of that nature, so when Harold Goldstein gets up and gives us the unemployment rating for next month, the stock brokers pause, the ticker tape quiets, and all you can hear is the inhalement of 50 cent cigars, because when Harold says unemployment next month or this month or last month is 4%, whereas it was 3.7% before, that statistic has such validity that it superordinates policy or policy formulation.

Ultimately what we hope for is a set of superordinate statistics--that is, statistics of broad validity and continuity such as they had in college.

I think we are making progress in that direction. I think a couple of series like urban employment and the job vacancy series probably are potentials in that direction. It is very interesting to note with respect to the job vacancy series that it has generally been opposed precisely because people have been concerned it may have that influence, and might dilute the effect of superordinate statistics, particularly those concerned with employment.

Ultimately the process of policy making is going to be a messy process, concerned with those facts that I indicated, and in this way the process of statistical analysis will be equally messy. But I would like to say that it is clear to me that (1) statistics do play a vital role in the process of policy formation, and (2) the use of statistics or any particular statistics outside of superordinate statistics is largely a random and fortuitous occurrence, which means that the strategy of statistical administration must aim towards the development of superordinate statistics and development of a reserve capacity with respect to data which can be used at a particular point in time.

So I guess I would say that statistics on the manpower area are the life blood of policy making.

And if you talk about the life blood of an individual policy, you are talking about different types. And similarly in statistics, you need a range of the different types of categories I have indicated to be infused into the process at the appropriate period of time.

MR. COHEN: Thank you very much, Dr. Weber.

MR. KEIM: Ladies and gentlemen, this is Part II of the Program on Research in needs for a Comprehensive Manpower Program.

Our Chairman today is well known to all of us because he regularly attends these sessions. We appreciate very much the participation of Dr. Karel Ficek.

RESEARCH NEEDS FOR A COMPREHENSIVE MANPOWER PROGRAM - PART II

Chairman: Karel F. Ficek, Director
Research and Statistics Office
Division of Employment
New York State Department of Labor

We shall begin with Mr. F. E. Upex, Canadian Department of Manpower and Immigration, who like most of us is relatively a long time bureaucrat having joined Public Service in 1932. But unlike most of us, I don't think he is an economist.

He has had administrative experience so that what he is now doing and what he will tell us about has special relevance, since the techniques which he is now using and developing are being performed in a realistic rate of reference in the light of his prior administrative experience.

Use of Cost-Benefit Models as Program Monitors

F. E. Upex, Senior Cost-Benefit Analyst
Planning and Evaluation Branch
Canada Department of Manpower and Immigration

Thank you very much, Mr. Ficek. I am representing our Assistant Deputy Minister, Mr. Dymond who unfortunately couldn't attend this meeting and I am here in his place.

The role of benefit/cost analysis in policy formulation occurs in the context of governmental participation in a market economy. As a first approximation, it might be said that governments are charged with providing the public with levels and kinds of services that private enterprises will not offer, by curbing the abuses or discriminatory practices of private competition or managing the economy to meet goals of full employment, economic growth, and price stability.

Governments have come to exert broad market power in response to the dictates and interests of the public. Historically, governments displaced private enterprise first with respect to defense and law and order, then in transportation, working conditions and labor relations, public health and safety, and finally in areas involving the quality of life, education, medical care, recreation and conservation.

In all of these fields, the resource allocation decisions made by governments penetrate deeply into the pattern of choices open to men and women throughout our economy.

This, in turn, places a responsibility on administrators and policy makers for weighing the costs and benefits of government programs and parts of programs and for recommending one direction rather than another.

Benefit/cost analysis has emerged as a most significant and useful tool to analyze alternative courses of action and alternative resource uses in making decisions about government programs. Although it is a relatively new instrument, particularly in human resource development, its origins are old and it draws on positive and normative elements from welfare, public finance, and resource allocation economics. The technique recognizes the many-sided effects of government activities and takes into account returns, not simply to the investor, but to all the participants in the productive process.

Moreover, benefit/cost analysis lends itself to predictive uses. That is, it will tell us the results of alternative allocations of resources within programs and to a lesser extent, between programs. This latter characteristic is particularly important when large public resources are involved and where programs once established are difficult to drastically change or eliminate.

This brings me to the application of benefit/cost analysis in human resources development. The increased emphasis on human resource development in the last decade or so has focused attention on private and public rates of return on investment in education and on the contribution of investments in the other areas of human resource development to productivity and economic growth.

It would be inaccurate for me to suggest that policy makers and administrators have welcomed benefit/cost analysis with open arms. To some extent, the treasuries of governments have pushed in this direction. Some program administrators have feared that too narrow an economic interpretation of the comparative benefits and costs of programs, which have important social and human values, might undermine and distort both the objectives of programs and endanger their case for expanding them.

Many manpower and employment service activities in Europe and in North America were developed and administered by departments with strong social commitments and orientations. In fact, in Europe those agencies which are responsible for manpower programs are often a part of a ministry primarily concerned with the administration of social security legislation. Thus, the problems with which such departments of government traditionally deal lie outside the main stream of the market place or have to do with the redistribution of income. Such areas do not lend themselves easily to profit and loss calculations, optimization, or marginal analysis. The rigor and quantitative bias of benefit/cost studies have led to uneasiness among program administrators, and such concerns are often expressed in terms of the pitfalls and shortcomings which apply to this type of analysis.

I shall leave to other parts of this Conference the technical complications, the difficulties of measuring qualitative and non-economic attributes, the choice of interest rates, the "spill-overs", the problems of suboptimizing, and the selection of satisfactory trade-off points. It is important for all of us to be aware of the limitation of this kind of quantitative analysis. These analyses assume that non-economic variables are exogenous to the analysis and proceed on the assumption that such variables remain unchanged while the economic parameters and variables within the model change. This, of course, imposes constraints upon the use of these models in a decision-making context. There are probably feedback relationships between these social and economic variables in any situation or program. It is important in making assumptions that we do not assume away an integral part of the problem, that we arrive at facile conclusions, or that we parade over-simplified quantitative measures and ratios in contexts in which meaningful social and human values are equally or more important.

Such criticisms probably apply wherever economic analysis is carried out at or near the frontiers. Welfare economists have heard and echoed them for years. To be fair when we look back at the development of benefit/cost studies, very substantial advances have been made in techniques and in the measurement of characteristics which once were thought to be outside the domain of economic analysis. Nevertheless, early studies skimmed the easiest items, and as we move into areas that lend themselves less easily to quantitative structuring and interpretation, the going will be more difficult. For example, despite considerable methodological problems, the techniques used for the analysis of education and adult training are fairly well defined.

I think it is important, and I stress this point strongly, that I do not consider benefit/cost ratios alone as providing sufficient justification for choosing between programs or even for substantial alterations in existing programs.

The technique is not one which will allow you to conclude that because there is a higher benefit/cost ratio in adult training as compared to a mobility program or an immigration program or an Employment Service activity, that one should put more resources into one program than into another or that one should entirely scrap programs with negative benefit/cost ratios.

Except at the margins of resource use, programs are not substitutable for each other as they often serve different publics and in some instances, serve different functions in the economic process and in their social role.

Benefit/cost studies measure what can be measured, but this is all they do. They are certainly to be preferred over speculation or political or administrative intuition, but they are only part of a larger context.

If the social benefits of a program stand very high, they can well offset low or negative ratios for the economic measures of the benefits of a program.

Such considerations are of paramount importance when governments allocate resources to improve the quality of life, or raise the productive capacity of manpower. Here government programs fill gaps not reached by private enterprise or by the unaided actions of individuals.

In the development of human resources, the net benefits may be high, but they are frequently so diffused that many single individuals cannot capture enough of them, or have a sufficiently long-term persepetive, to justify the additional investment even when high and quick returns can be captured.

My point here is that since the responsibilities of government extend to ensuring that all citizens, however vulnerable, have reasonable access to jobs, income, education and health; benefit/cost analyses that focus solely on economic returns almost inevitably favor private rather than public activities. This is why in government programs, benefit/cost findings constitute only one test of the program's worth to be balanced against the broader humanitarian and social consideration.

Despite these caveats, most benefit/cost studies about government programs in the human resource development field have turned up highly favorable results. Our own benefit/cost model of the adult training program, which is carefully developed and based on quite accurate data, has indicated a preliminary overall ratio for the program which shows that for every dollar of public funds invested, $2.50 is added to real gross domestic product.

Admittedly, some benefit/cost investigations have been pretty spurious, but on the whole, there seems to be ample evidence that the purely economic returns from programs which are directed to increasing the quality and productivity of manpower resources are indeed high.

Partly because of these happy results (at least for administrators and policy makers) and partly because properly-qualified benefit/cost studies fit in well with the newer governmental program planning and budgeting techniques, much of the original apprehension over the too narrow and literal application of the technique to decision-making has abated.

Once the objectives of individual programs are clearly set forth and the benefits and costs carefully defined and measured, it is fairly easy to determine whether an additional dollar will produce a greater benefit if used for one activity as compared with another. Since no one denies that a dollar should, other things being equal, go where it will bring the greatest return, it seems self-evident that a rational allocation of funds requires benefit/cost analysis.

However, I hope I have made it clear that other things are never equal. Not all our values are economic, even if one adopts a purist approach. Funds will and should be channelled into programs that in the technical jargon are associated with "merit wants." Even here, benefit/cost analysis still pinpoints and identifies how much economic sacrifice the serving of such "merit wants" entails.

Modifying the real costs in relation to the alternatives foregone, provides treasuries and policy makers with a relatively precise instrument on the economic side to weigh against the non-economic considerations. From this balance, it can then be determined whether to encourage or curb investment in one direction or another.

The proponents of benefit/cost analysis have claimed that one of its principal uses is to compare the allocation of resources between programs. Although analyses of programs using comparable techniques and methods may suggest alternative resource uses among programs, this approach must be treated with a great deal of caution. Quite apart from the impossibility of analyzing all programs simultaneously in a time sense, real functional differences exist between programs. Only rarely are the objectives and clientele served by one program truly substitutable for another.

Once launched, programs tend to have an organic life of their own, although time and circumstances render some of them obsolete. New programs can replace old ones, but usually the process requires that most of the clientele served by the original program will be no worse off than before. Hence, where a program shows higher marginal benefit/cost ratios than a similar program at every level of service, there are limits on the choices government can make simply because the group served by one program does not coincide with the groups served by the other. This becomes an income distribution question on which benefit/cost analysis has little to say. Among programs therefore, benefit/cost analysis can give only a directional guide at the margin and even then, there must be a reasonable consistency in the assumptions and techniques used to compare one program with another.

Let me be more specific. Even between our own studies of two relatively complementary Manpower Programs--the Adult Occupational Training Program and the Manpower Mobility Program--there are different assumptions. The Training Program study, for instance, focuses on the future earnings of only the worker since the Program's objective is to deepen the individual's skills. The Mobility study, on the other hand, takes account of all the actual or imputed earnings of every family member who is moved to the new community. The Training study posits future earnings in keeping with a permanent escalation of skills, the Mobility study assumes no change of skills. Both sets of assumptions are arbitrary--designed to make the models more manageable. The Training model, like other training studies, makes little provision for the real economic question--what would have happened in its absence? Would some of the workers have raised their skills through other means? The Mobility model, on the other hand, does assume that workers migrate voluntarily and lowers the benefits attributable to the program accordingly. Most of these differences in assumptions deal with the workers' future paths of action. I suppose with sufficiently complex models, some of the differences could be reconciled.

For instance, as followup information flows in over a long enough period we could attach probability estimates to the alternative paths. But much would remain that escapes quantification or which--because the programs serve different sets of clients--remains analytically non-comparable.

An additional factor is that some programs are functionally interrelated with each other.

For example, in reaching the objective of employing surplus manpower in a depressed area, it is often necessary to both move and train the workers involved.

In practice, we have not been able to use benefit/cost ratios to compare programs except in the most general terms. Each program has its own set of internal and external benefits and cost and each has its own model built to fit its particular circumstances.

The assumptions that underlie each model will likely differ to some extent and the measurement problems, the selection of the appropriate proxies, the state of the statistical system in relation to the program, and so forth vary widely.

As a generalization, therefore, benefit/cost models are much more useful for altering or otherwise improving the effectiveness of a single program than they are for making comparisons between programs.

Benefit/cost analysis imposes a very valuable discipline on the thought and decision-making processes of administrators and policy makers. It requires a clear articulation of objectives and a precise method to determine exactly how these objectives are being met.

For example, when one faces the administrators of a program with the task of making explicit their objectives for purposes of quantification, one discovers they have never really thought seriously about this question.

Means and ends are often intermingled in their minds and decisions have often evolved about a program in patchwork quilt fashion without any real regard for the balance and proportioning of the parts in relation to an objective.

Policy makers are forced to think in a disciplined way about the relevancy and implications of individual sub-activities within their programs.

To be effective, a benefit/cost model must provide an accurate mirror of a program including its institutional structure, the clients it serves, and the financial and economic costs of it. When in use, it can be a valuable technique by which planners can gauge the net economic impact of implementing one or other suggestion or of expanding or contracting certain sub-activities within a program.

Essentially, this kind of managerial approach means that benefit/cost models must provide continuing incremental data on each program. Among other things, they will combine the steady flow of information on the characteristics of workers with a priori or a posteriori probability estimates of each worker's likelihood of success in the program and the expected net benefits generated as a result of his participation in the program.

The benefit/cost analyses from the model of our Occupational Training for Adults Program can be carried out not just for the program in general, but for the apprenticeship portion of the program, the general educational upgrading portion, the specific skills training portion, and the training within industry portion of the program.

It is possible to make benefit/cost analyses of the different course groups within, for example, the skill training program.

For example, carpentry courses have a higher benefit/cost ratio than barbering courses and so one could adjust the purchase of courses accordingly.

One can even theoretically get down to the level at which the benefits and costs of different barbering courses are compared so as to cut out the barbering classes which were least efficient economically.

The same kind of analysis can be used to determine the kinds of candidates on which program investments can most profitably be made. We can, for instance, determine whether workers in certain courses will use this training, whether they increase their income over time as a result, or are less likely to be unemployed.

Even with fewer than three years' experience in administering them, we have already considerably altered the selection criteria for some of our programs, to bring them into line with individual net benefit estimates.

Recently, for instance, we tilted our Mobility Program in favor of older married workers with large families because they are least likely to move on their own and most likely to settle successfully afterwards. We have cautioned our counsellors against unreservedly authorizing relocations to certain labor markets which our analysis revealed as high turnover areas. We have discontinued training courses where workers seemed to have made little use of the skills afterwards.

In fact, the applications of what might be called micro benefit/cost analysis based on continuing program benefits and cost data, as these examples show, are almost infinite.

This dynamic approach allows benefit/cost analysis to be used both as a tool of economic analysis and as a technique that makes a major contribution to decision-making for program administrators. It transforms the model from a static "one-shot" exercise using partial equilibrium parameters to a dynamic technique which yields a steady flow of net benefit estimates associated with different types of program candidates, destination areas, training courses, and similar sub-activities.

The information these models produce should through time indicate the varying levels of expenditure that are appropriate in manpower programs in different periods of the business cycle. But they cast little light on the investment/savings versus consumption choice which is crucial to the short-run, unemployment-inflation problem. Other measuring instruments are necessary.

In conclusion, the value of benefit/cost analysis in the manpower field, as I see it, is primarily a rigorous analytical aid to managerial decisionmaking, with perhaps some clues as to the appropriate distribution of resources between programs. It has substantial limitations particularly, with respect to the collective or social responsibilities of government, as a basis for the substantial revision of human resource development programs.

In total, however, in my Department of Government, we have definitely found benefit/cost analysis to be the most singularly useful analytical device yet devised to allocate our resources and to gauge the impact of our programs for the population whom we have the responsibility to serve.

MR. FICEK: Now we have heard from an analyst of manpower programs and the tools which are used up in the North. It did remind me again of something which appears in one of the dialogues of Plato where he quotes Socrates, who says, "The unexamined mind is not worth living." Listening to Mr. Upex, I said to myself that, turning to his analysis, the unexamined manpower program is not worth funding.

We shall hear now from a purveyor of intelligence from the South. Mr. Howard B. Stambler is one of us. He is Chief of the Division of Employment and Unemployment Analysis in the Bureau of Labor Statistics. He is going way back to 1956. We all know him, if not personally, then through the products of his office because here are the fundamentals of the work in which we are engaged.

New Directions in Area Manpower Statistics

Howard Stambler, Chief
Division of Employment and Unemployment Analysis
Bureau of Labor Statistics
U.S. Department of Labor

The Bureau of Labor Statistics may have discovered a new law to rank with Greshan's and Parkinson's laws. According to this new law, the more statistics collected and published for the Nation as a whole, the greater the demand for data below the national level. The demand for sub-national statistics--that is, regional, State, metropolitan area, central city, and slum data--has increased fantastically over the past few years.

In the past 4 years, in particular, geographic differences in employment and unemployment have taken on added importance as the Nation moved closer toward full employment. For, not every city, area, or State has shared equally in the prosperity of the 1960's, and the recent reductions in unemployment have not been spread uniformly throughout the Nation. More facts are needed to deal with the diversity of contrasting employment problems that confront persons in different areas--whether in New York City or Houston, in Florida or Michigan, in the central city or in the surburbs. Clearly, local area manpower problems can be measured only with detailed area statistics. The Bureau of Labor Statistics has now begun to provide more and more of these statistics.

One of the earliest and most important recognitions of the importance of area data was made by the President's Committee to Appraise Employment and Unemployment Statistics (better known as the Gordon Committee). In their report to the President on September 27, 1962, they stated that ...."State and local labor force statistics are neither as accurate nor as complete as those on a national level....There is probably no element in our system of labor force reports which is more in need of improvement." Their concern started the statistical wheels turning in earnest.

The need for area information arises for many reasons and reflects a wide variety of uses and users. One important use of area data is to provide an additional dimension for analyzing national developments. For example, a sharp increase in the national unemployment rate for women might have a completely different meaning and require totally different action if it is known to have occurred in farm areas compared with nonfarm areas, or in central cities compared with their surburban rings.

Local area data can also contribute to local government policy making. Statistics are needed to permit decision makers to develop programs precisely pinpointed to the specific problems of their areas. A few of the many programs that need area information relate to education, manpower training, area redevelopment, anti-poverty, urban renewal, and many others. Administrative uses of area data are in fields such as job evaluation, counseling, and other programs of the State and local employment services. Decisions by unions and individuals also require the kind of local economic and social insights provided by labor force statistics.

Still another use is by the business community--for local industrial programs and business planning. Employers use area labor-market data in many ways, such as for the selection of plant locations or for the establishment of sales and marketing goals. Of even more importance, employers need such data to determine the demand and available supply of labor and its characteristics in areas where they might be considering expanding or moving.

In recognizing and trying to fill these obvious needs for current area data, the Bureau of Labor Statistics has recently begun several new systematic programs of collection and/or analysis of data for specific geographic areas. The Bureau's new programs of course began within a framework of many years of experience with both national labor force and employment statistics from the household survey, and national establishment payroll data from the establishment survey.

One only has to look at the Monthly Labor Review or Employment and Earnings and Monthly Report on the Labor Force or at the plethora of recent press releases to see that we have begun to fill the area gap with a vengeance. In general, these recent efforts have occurred on three fronts--the launching of a job vacancy statistics program, the publication of Tomorrow's Manpower Needs, and last, but certainly not least, the analysis and publication of labor force data for regions, States, large SMSA's, and combinations of areas. I should like to mention each of these new data programs briefly.

In January of this year, the Department of Labor began the regular monthly collection of information from a sample of employers on job openings in 50 metropolitan areas. The new program will be administered by the Department's Manpower Administration and the U. S. Training and Employment Service (USTES), through the State employment service agencies. Technical guidance will be provided by the Bureau of Labor Statistics. The program follows the pattern established by the employment statistics program; it is a cooperative BLS-Manpower Administration-State program, with the States preparing area estimates. To secure economic and analytical advantages, the collection was merged with the existing cooperative Federal-State labor turnover program.

The new program will provide estimates of total job openings by industry for manufacturing and mining in about 50 areas and for all nonagricultural industries in about half of these areas. Estimates of total openings will be supplemented by quarterly estimates of job openings by occupation in 17 of these areas. Publication of the results is not expected until at least 12 months of experience with the data collection and evaluation have been secured. For those of you who are interested, this new program is being discussed in detail at several of the other sessions.

Another long awaited and welcome addition to the area manpower data is the Bureau's new publication Tomorrow's Manpower Needs. This series of reports provides an indirect input to that arsenal in that it does not actually contain new area manpower statistics, but instead provides detailed directions as to how reliable occupational requirements information can be developed at the local level. It assists States and areas in making more adequate manpower projections by providing them with a more consistent framework of nation-wide economic, technological, and social developments.

The third new program provides for analysis and publication of labor force estimates collected through household surveys, for a wide variety of geographic areas. The new data are drawn from two major sources--the Current Population Survey (or CPS) and the Urban Employment Survey (UES).

The first major source of new area labor force data, the Urban Employment Survey, is a comprehensive data collection program in slum areas established in 1968 by the Department of Labor and directed by the Bureau of Labor Statistics. This survey was developed specifically to measure and examine in depth the employment situation, barriers to employment, and attitudes and motivations of slum area residents. With the financing and cooperation of the Manpower Administration, it is being conducted by the Bureau of the Census in the Concentrated Employment Program areas of Atlanta, Chicago, Detroit, Houston, Los Angeles and New York City.

The UES covers approximately 3,600 households a year in each of the six UES slum areas and in the rest of Atlanta and Detroit. The first results of the survey were released on February 20, 1969, and covered basic labor force information for the six poverty areas combined. As the UES sample in each area is accumulated to a satisfactory degree of statistical reliability, data for individual areas will be published. The full amount of detailed information for each area--which will include data on jobseeking methods, work history, job mobility, migration patterns, job skills, transportation patterns, and attitudes toward work--will become available late this fall.

The second new source of area data is, strangely enough, the 20-year-old Current Population Survey, conducted monthly by the Bureau of the Census for the Bureau of Labor Statistics. Because of its importance, I should like to dwell on this aspect of the BLS area program at this time.

The CPS is a sample survey of the noninstitutional population 16 years of age and over conducted through personal interviews in approximately 50,000 households each month. This is the same survey which provides the comprehensive and official national statistics on the labor force, employment, and unemployment (including such characteristics as age, sex, color, marital status, occupation and hours of work, etc.). Although it is intended as a national survey, its sample frame also permits development of area data, though not of the same degree of reliability as the national estimates. In recent years, improvements in sampling methods, weighting procedures, computer processing and expansion of the CPS sample from 35,000 to 50,000 households have permitted the development and publication of estimates for many geographic areas--area data hitherto deemed too unreliable to publish.

The new area labor force data from the CPS are of two types: (1) Aggregations of data for groups of areas, such as all SMSA's, combined poverty neighborhoods of the 100 largest metropolitan areas, or all farm areas; and (2) Data for individual areas, such as regions, States, SMSA's, central cities, or surburban rings. Data are annual averages.

First, we are publishing data on all SMSA's combined, defined as of 1960. The SMSA totals are further sub-divided into SMSA's of 250,000 inhabitants or more--the 100 largest--and those remaining SMSA's whose inhabitants are under 250,000.

Second, we are publishing data on poverty neighborhoods of the 100 largest SMSA's. This special breakdown of the 100 largest SMSA's delineates their poverty tracts.

Many of you have undoubtedly seen our quarterly press release describing the situation in these areas. The urban poverty neighborhood classification was developed by the Bureau of the Census based on a ranking of census tracts according to 1960 data on income, education, skills, housing, and proportion of broken families. These poverty neighborhood data are contrasted with the remaining four-fifths of the census tracts of these SMSA's. Recent findings have shown, for example, that the poverty neighborhood unemployment rate, at 6.0 percent in 1968, was about twice the other urban neighborhood rate. The data add a number of new dimensions to our understanding of the plight of the Negro worker.

The third and last aggregate category is nonmetropolitan areas. This category is very much like several of these indicated above--a residual of the U. S. totals minus the metropolitan areas. It is also further classified into two sub-groups: Farm areas and nonfarm nonmetropolitan areas, which we are calling small cities and towns.

A few statistics here will give you some of the flavor of these new data. The overall unemployment rate in 1968 was 3.6 percent. Oddly enough, this same rate prevailed in all SMSA's, in SMSA's with populations over 250,000, and in nonmetropolitan areas, and was only one-tenth higher in smaller SMSA's. We also want to see how many persons by various characteristics are employed and unemployed in these areas and we want to know more about their unemployment rates: How do Negroes fare compared with whites? What about teenagers?

It was interesting to us to learn, for example, that the 2.1 to 1 national nonwhite-to-white jobless rate ratio does not hold consistently throughout these areas. It was also 2.1 to 1 in the 100 largest SMSA's, but it was 2.5 to 1 in the smaller SMSA's, 2.2 to 1 in all nonmetropolitan areas, and 2.4 to 1 in farm areas. In contrast, the ratio was only 1.5 to 1 in the urban poverty areas, where white workers also experience an unusually high level of joblessness.

Labor force data for specific localities are available for a number of individual areas--4 major census regions and 9 sub-regions; the 10 largest States; and the 20 largest metropolitan statistical areas, 14 of their central cities and suburban rings. In the near future we anticipate an expansion of our area tabulations to include broad occupational data. This will permit a limited assessment of the skill spectrum in States and areas.

First, we have published data for the four major census regions and the nine sub-regions. The four major regions are the Northeast, North Central, South, and West.

Second, data have been published for the 10 largest States. The States included, in order of population size, are California, New York, Pennsylvania, Illinois, Texas, Ohio, Michigan, New Jersey, Florida, and Massachusetts.

Third, data are available for the 20 largest SMSA's and 14 central cities and suburban rings. We have released data for the 20 most populous metropolitan areas and for all but six of their central cities and surburbs in both 1967 and 1968. To cover old ground, the 14 areas for which we have published both central city and SMSA data are: Baltimore, Chicago, Cleveland, Dallas, Detroit, Houston, Los Angeles-Long Beach, Milwaukee, Minneapolis-St. Paul, New York, Philadelphia, San Francisco-Oakland, St. Louis, and Washington. The other six areas are Boston, Buffalo, Cincinnati, Newark, Paterson-Clifton-Passaic, and Pittsburgh.

It would be virtually impossible to give you even a capsulized view of these data and still do them justice. I have therefore brought with me two "demi-charts," which try to show simply the various geographic groupings that I have discussed up to now. I hope I have enough copies, because I feel certain that you will find this method of relating all of the areas to one another of interest.

My listing of unemployment rates for these areas undoubtedly strikes some of you as strangely familiar, and others as downright repetitious. Many of you may actually prepare unemployment estimates for some of the areas listed, estimates which differ from those the BLS is publishing. Thus, it may seem that BLS is publishing what might at first appear as a "competing" set of data to the estimates prepared by employment security commissions in every State. Of course, this is not so. Before publishing these data, the BLS gave the matter much thought and discussed it at length with the Census Bureau, the Bureau of the Budget, our regional offices, and with the then-Bureau of Employment Security. Only then was it decided to publish them.

But let me explain more explicitly why these estimates are not competing.

First, outside of the new BLS estimates, current measurements of the labor force in State or local areas, by age, color, and sex, simply do not exist. Such data are available only once every 10 years from the Decennial population census; little or no area labor force information is available between decennial censuses. This alone makes publication of these new data useful to many people.

Furthermore, data below the national level should be fully comparable to those data already available, in definitions, concepts, coverage, and so forth. The BLS area data are fully consistent with the national data in all respects.

Perhaps even more important, these BLS estimates differ in several respects from the data published by the State agencies.

As many of you know, the BLS and State estimates differ because of differences in definition and coverage, sources of information, methods of collection, and estimating procedures. Sampling variability and response errors are additional reasons for differences.

The State and area estimates developed by State agencies are an integral part of many government programs, such as the Public Works and Economic Development Act of 1965 and the Defense Manpower Policy No. 4 (revised), both of which provide special preferences for areas having persistent unemployment. Without the monthly State employment service estimates to provide the foundation, these and other programs would be inoperable. However, the BLS figures go far beyond simply a restatement of the same figures but gathered in a different way. They provide the information by age, color, sex, occupation, and many of the economic and demographic characteristics that are essential to an intelligent and accurate analysis of local labor market conditions. In most cases, this is the first time since the 1960 Decennial Census that such information is available. Furthermore, the present U.S. Training and Employment Service in the late 1950's developed the standardized methods used to make the State estimates by utilizing inputs based heavily on the labor market relationships of that period. In the last decade, many of these relationships have changed radically, such as the proportion of all unemployed workers covered by unemployment insurance and the labor force participation of women. Thus, current and up-to-date unemployment estimates from other sources can provide yardsticks for comparative purposes. The BLS estimates not only provide additional hitherto unavailable information that adds another dimension to the data already available, but also provide information that can be useful in evaluating State estimates. In essence, the aim of the BLS in publishing these estimates was to increase our knowledge of the employment problems in States and areas.

In conclusion, I don't want to leave you with the impression that the BLS feels that its new area data program is the answer to all our needs. Development of the new area data described above represents only the first step on a long and costly road. Although the new data enhance our understanding of complexities of the geographic job market, they are far from sufficient to provide all the hard facts needed by Congress, government officials and policy makers, program administrators, business executives, and the general public. The current program of area labor force data does have several shortcomings. These include the facts that there are too few individual areas covered; that the survey samples are generally too small to develop completely reliable detailed data; that there are too little data on some significant labor force items, and that there is not enough experience with these new data to understand them the way we should like to. The 1970 Census, of course, will provide much new additional data and will furnish a valuable benchmark for future sample surveys, but as in past decades, Census data will be insufficient by the time they are published, at least for evaluation of current developments. As a result, the need will still remain to expand and revise the area data published by the BLS.

Despite the shortcomings of the Bureau's new area manpower data, their publication seems to have created interest and to have been of value to users. If the past is any guide to the future, the years ahead will see the Bureau of Labor Statistics expand and refine its area manpower statistics. Thus it will help to throw more light on the Nation's social and economic problems. Although more and better data by themselves may not solve the Nation's problems or win the battle against poverty and unemployment, they can go a long way toward identifying where the problems are and, armed with these data, enable policy makers to effect their resolution.

Harold Wool, Director for Procurement Policy and
General Research
Office of the Assistant Secretary of Defense
for Manpower and Reserve Affairs
U.S. Department of Defense

Mr. Chairman, this is an historical occasion. I believe this is the first time that a representative of the Department of Defense, albeit former alumni of the Bureau of Labor Statistics, has been a purveyor of intellectual discourse at this haven of sophistory, and I am delighted at the opportunity, of course.

In a sense, I don't feel simply like a visitor from the south or a visitor from another agency. I feel like a visitor from another planet, because the bank of labor force problems which I had been associated with in the last several years seemed to be sort of remote from the practical and very serious problems that all of you have been engaged in within the context of the civilian labor market, the very real problems of our employment and all the rest of these problems.

We, in a sense, are talking about, what might be referred to as the other labor force, which is much in the same way as certain others referred to the "other America" a few years ago. This other labor force we are all aware of in the context of the current problems and in the conduct of the social science projects and particularly manpower projects.

Until very recently, this was a no-man's land. The typical labor force market economist was not of any interest and everyone hoped he would go away. That was based on many facts.

First of all, the term labor force to a force whose objective seems to be destructive rather than constructive might be a bit academic to begin with.

Second, the knowledge of our labor force, of its internal structure, of the processes and dimensions, was really very difficult to come by.

There were the usual variety of problems of security access to some extent. These have largely evaporated in recent years. In a sense there was created a curtain, an iron curtain of knowledge or meaning as to the relevance of this other labor force, of the problems of a civil labor market.

This has changed for many reasons. In the past half year or so we have all become particularly aware of this in the context of the large expansion of military manpower needs during the Vietnam war. This, in part, establishes the cycle of questioning as to the policies and ground rules for selection of manpower, including the very terms of a system of construction, which has been the basis of our military manpower policies for the last couple of years.

Second, some of those on the civilian side of the river understand that a pool of potentially relevant data for some of the problems that prevail in this country is of prime importance.

In this country there is a tremendously decentralized educational market seeking a standard measure of educational achievement.

We have a college force, of course. With one exception, there has not been a single measure which could be used to get at the extent of effective mental ability or intellectual ability for a cross-section of the population. This exception is a qualification test, which is administered to nearly 2-million young men who reach military service or draft age.

This, in effect, has been for the past couple of years, and is the only thing resembling a standard test of our full dimension of manpower quality. It deals with the young men who have reached draft age, and with questions on arithmetic, and tool recognition, and on something called "Special SPA relationship."

This device evolved over several decades of research as a useable screening tool to predict which men could successfully complete the fairly elementary demands of military training and which men could not.

In examining labor data, I was struck by the fact that back in the early 1960s, one third of our young men were rejected for service. At least half were rejected because of their failure on this particular test, and the other half--one out of three--mainly because of physical reasons. This fact suddenly very dramatically illustrated some of the problems of deprivation of youth of our country, because this test did not measure native intelligence.

Now, this, in turn, led to the development of a very interesting report. Some of my colleagues in the Labor Department and I did the major share. It was useful as so-called propaganda, which, in turn, helped to initiate the poverty program. It was one link which developed between the beginning of selection of men for the military service and the beginning of rejection of men for civilian employment.

Subsequently, our policy makers particularly around 1963 to 1964, began to study ways to cope with the problems of youth, particularly employment, and to redesign programs.

One of the areas which came under very close consideration was the role of the military services as a training institution, not merely in the art of warfare but in the development of vocational skills and personal disciplines, to help young men who had been rejected not only for military service but in subsequent civilian work.

At the same time it was an occasion for a rather significant report on our mental qualification standards, which were too high. I refer to Mr. Upex's paper on cost/benefit analysis.

Back in World War II, when our needs for manpower were great, only about 5% of all men examined for service had been rejected for mental or educational reasons.

During the Korean war about 10% were rejected. Our standards had increased.

By the early 1960s, nearly 20% were being rejected.

This made good sense to raise standards to a point where it is easier to train people. You are likely to have fewer trouble makers, and you are likely to come up with men, perhaps, that you could give broader occupational training.

Through the 1950s our selection standards were gradually and systematically increased. Then the issue arose as to whether that kind of cost benefit analysis was relevant. Could the government through one of its agencies, the military, select manpower for service in the narrow context only that it was convenient to the military training?

There were other contexts. A somewhat broader one would be the long range of military service itself, not meaning defense. The higher the standards, the higher the quality of men to come in, and the fewer men likely to get in the service, particularly if their duties are not comparable with their abilities. In fact, as the standards are raised, our service rates decline.

So one option was to look at the direction of standards in terms of increment force of military and to weigh these costs against possible benefits not merely to the military themselves but possibly to society in potential spill-over to occupational training and other kinds of training for those young men who had been "deprived" of the opportunity to serve.

Now, I have used the term "deprived" deliberately because at the level we are talking about, certainly during peace time and even war time, large numbers of recruits had been turned down. They sought opportunities for training and geographical mobility to get away from unsatisfactory environment, as sufficiently desirable to offset some of the obvious disadvantages of military service. These were one of the kinds of considerations which entered into a decision to embark on what Secretary McNamara has labeled Project 100,000.

In this project the Department of Defense took a step below, in the Federal name. We were large, but didn't have to compete for manpower. It had the draft and there was a large and adequate supply of qualified men above its minimum range of available men to be drafted.

In spite of that, and in spite of the available source, large military funds were systematically allotted, so that now we had a minimum 10% rate rather than the 20% rate we had in the past. Under this program, within a few years, men who would not have been qualified will be available and qualified for service.

When you weigh this policy against the advisability and concern that some of us have, we must consider this policy not in military criteria, but in the war against poverty, our social objectives.

Irrespective of any other objective, our training methods were set. As to the men themselves, they could be sent where they were needed, but they wouldn't compare in performance with the other men, in the duties that they were assigned to.

In spite of everything, the latter objections have not been fully confirmed. The military service reports that over 90% of the men have successfully completed at least two years of service. The report is confirmed, but we stood impartially greater than in that higher standard.

We learned a lot of use from this experience. We began to learn particularly about what many of us have talked about, their apparent social bias.

Among Negroes who were accepted under the so-called lower standards as among the white, who successfully entered the service, the failure rate of blacks was half that of the whites. This held true in the army, navy, and air force. It held true when we qualified the men, not only on a test performance but by educational limitations. One objective was potential study, and it emphasized the urgency of looking hard at some of the basic selection tests.

We now have intensive research in close to 20 different types of information relating to testing procedures, which have been systematically tried out. This is being officially done in the Navy. We hope to extend this research to other employment, civil, private, military.

I would like to emphasize the micro-cost analysis point, the mechanics in such, and the fact that the young men are coming from deprived families. Their future earnings are affected after they leave military service. We are talking about 80% of the skills in military service. In terms of population, they have some parallel with civilian life. With all its drawbacks, the military service does have personal disciplines which are important in helping the civilian adjust to military service. Many of these young men have come from unstructured environments and would be helped in the long run--more than the individual who is not exposed to the service.

Other premises have still not been proven. We have a staggering need for increased information in this area. We are initiating research from a long range standpoint. This has been illustrated by our policy decisions which have been based upon cost, and we hope this data will be relevant. It would have been ideal if we could have systematically studied our experiences for five or ten years, to establish the wisdom of this policy. These are among the facts that you have to look at in cost/benefit analysis.

MR. FICEK: I will call first on a man from the west, Mr. Sherrill W. Neville, who is chief of the research and analysis office of the Utah Department of Employment Security. He has been doing this kind of work for Utah since 1942 and in the interim, as time permitted, has engaged in other related projects. He has been brilliantly successful through his repeated membership on the benefit analysis committee of the Interstate Conference of employment security agency.

Sherrill W. Neville, Chief
Research and Analysis
Utah Department of Employment Security

Thank you, Mr. Ficek. What is a small town statistician like me doing up here in the big time? I have attended conferences like this for 30 years but this is the first time I have been a speaker on national topics.

My only claim for being on this program is that I am a manpower expert for State and local data for the State of Utah. I have been preparing labor force estimates county by county. We have not published them because we don't make them on a formal basis. Now, I am going to make them available. They show a side by side, city by city comparison with the ten cities that the BLS publishes.

We need to study some specifics. You will notice the BLS figure is higher in California, Pennsylvania, Texas, Ohio, and Florida. The BLS figure is lower in New York, Michigan, Massachusetts, and New Jersey. Illinois is in both higher and lower for the two years.

I also would like to call your attention to the odd behaviour of the different directions of the year to year changes. In Texas, Michigan, and New Jersey, one year they are higher and the next year lower; one year depending on which series you look at, the changes are up and the next year down. One would expect that the directions at least would be the same.

Now, as a judge, as a critic, I would like to point out that Mr. Stambler's explanation just wouldn't hold water when you get into the real specifics of the prevalent base for employment security estimates. The community problem on the employment base is very small. The employment base is such a small proportion of the total labor force that if you compute the employment rate for the United States by substituting the establishment data on jobs for the household data on persons, for the unduplicated account, that is, you come up with 3.4% instead of 3.6% for 1968.

Because the work force base is higher than the labor force base, one would expect that the BTY rate would be lower.

As a judge, I am going to vote for the BLS. We have heard it is reliable, it is accurate, and I think there is room for estimates in back of the picture.

I would like to ask why these things are different. I would like to suggest that we get a cooperative household program on the same basis as CPS to really do the job right.

Mr. George Schultz might be interested in this proposal because he is preparing a manpower report for President Nixon. I don't know whether it is a good idea to present a table on one page of the manpower report showing one set of figures, and then another page showing another set of figures, regardless of footnotes.

I would like to take exception to the statement Mr. Stambler made about the annual census of 1970, in solving some of our problems about your data. I don't know if he had it in the report he read, but he made a terrible mistake in letting us read his report before he gave it.

Mr. Stambler is going to have a rude awakening when he discovers the conflict that there will be from the 1970 census data and the averages he has been reporting.

For about 40 years, I have been working on census figures in the population and answering questions on labor force figures. I well remember the WPA figures. They had to prepare a table, based on the census population figures, which showed WPA workers. It was about one third of all the ones that were enrolled.

They did this by adjustment, which could be made for 1940. In 1950 and 1960 we had some criticism from people who really gave us a bad time in employment security because we were on record with some amount of State labor force estimates.

Now, I would like to make some other comments. I feel some viewpoints need airing at this conference. Two major areas should be mentioned. First, we have to do something. This nation must afford more resources to improve the quality of the basic data.

And, second, we need an increase in the Federal and State association. About 20 years ago I had a very good friend in Arizona, who described the long term trend of centralization in this country.

Perhaps now we are on the way, at the point of decentralizing this long term trend and there is going to be some sort of decentralization.

The past 25 years, especially the last five years, have been discouraging in this respect. The HUD, university and contractors researchers bother our staff to get data. Our staff really couldn't spend that time and improve the data that these sophisticated researchers needed. The estimates--specifically the population estimates by State--are basic. On this, if the labor force is the superordinate of the population basis, it is super-duper-ordinate.

The State has no recourse for error by the census in a fair estimate to the State. At one point the census said there was one million, and a year later the Census Bureau said we have only 999,000. My data within the County Business Pattern is published by the Bureau of Census. I want you to know that in Yale County it prevails, so I believe even to Cory's book on some of the County Business Pattern data.

We need to do a better job in our Federal-State cooperation with our competing documents which are Employment and Earnings by State and Area, issued by the Bureau of Labor Statistics and the State and county employment data which are available from the State UI agencies. Improved coordination would accomplish a lot.

I would like to suggest we pour some resources into putting State and area occupational employment estimates on the DOT and the SIC. We can say that it is very useful to people who are dealing with data on classes of workers, where you have establishment data, and your self-employed, and government sources.

I would like to suggest that within the framework of the Office of Business Economics in the Department of Commerce we produce a cooperative county or even area personal income series.

Now, in conclusion, let me tell you in the small cities the need for research continues. There is a computer which now works about half the time, which will match jobs and workers strictly on a regional basis. These will be broken down with the help of the Director of Human Resources Institute. They were proposing an experimental Utah manpower model which will relate major labor market information to the computer, by 1980. For anyone who will need it, there will be computer outputs to private industry, employment and

Unemployment data by industry, by occupation, even by county. Related to the computer system will be welfare statistics, which will also be integrated to our Federal and State statistics, and region, and household. There will be many more characteristics.

Now, it sounds like I am dreaming, but I really am sincere on some of these things. But it is like a jigsaw puzzle that we have in this very small State. The pieces are there. We do have the third generation computer. We do have the demographic and population capability. We do have an occupational industry matrix based on SIC and with DOT. We have had the cities JOLT program and on the A side, and we have had the proposal to break down our UI program, which will be for non-agricultural employees and other groups, if we can find a miracle that will let us put it on the computer properly. Hopefully some resources can be discovered to support the statistics that this country needs.

The time we are now spending to improve the statistical quality and fill the gaps that now exist will have been well spent.

All this will soon come true if we promote the full State and Federal cooperation as a reality and pour in resources to improve the equalities of our basic building plugs.

MR. FICEK: You have heard about the glowing future that is to come to Utah because of the existence of the computer, and circulating information--providing you can accomplish the miracle, the miracle of coding.

Let me tell you what our computers have to do, because of our standard industrial classification program. It is a small code. Now, when Fred developed his standard industrial classification code he used a final extender.

Now, you are from the third generation and you will still have to waste time in the future to get coding, translating this, and it will be until it is made completely fine, until you can get some success out of it.

At this point we shall hear from a Midwest representative, Mr. Dwight D. Kelley, who is Chief of Research and Statistics Section, Indiana Employment Security Division.

He has traveled in this climate since 1948. Like Mr. Sherrill Neville, he has been extremely productive and helpful through his membership on the committees of the interstate conference on employment security, in this specific instance, the research and reporting committee. As you listen to him you will agree with the old saying that the best is the test in the middle west.

Dwight D. Kelley, Chief
Research and Statistics Section
Indiana Employment Security Division

Thank you. Being the last participant on the last panel on the fourth day of the conference, I think the greatest contribution I can make would be to try to be brief. This I will try to do.

I was quite interested in Dr. Wool's comments, because they were different and I had some contact with a few of the activities he mentioned. I was a farm hand in a CCC camp immediately after getting out of school. I was the officer in charge of classification for 2-1/2 years, in a classification center in the World War II.

I have decided to confine my comments to one topic which is more specifically related to Howard Stambler's remarks. My comments resemble something Sherrill just said.

There is a need for more study and local data, and Mr. Stambler recognized that the program proposed by BLS does not go far enough to answer this question.

Proposals for a comprehensive manpower program are made more and more in light of the needs of national and local offices than in light of the needs of State and local communities.

For example, we are talking about 20 metropolitan areas in connection with eventually increasing this to 50 metropolitan areas. If we confine our data to 20 areas, in Indiana we are excluded from getting proper data.

If we extend it to 50 areas, we bring in one major area, Indianapolis. If we extend this coverage to 100 metropolitan areas, we would perhaps include not only Indianapolis, but Gary, Indiana.

This approach might be quite adequate to evaluate at the national level a comprehensive manpower program, to determine whether conditions do vary in large areas and small areas, and so on.

But it is not the true kind of information that we need about a manpower comprehensive program on the State or local level. We need, for example, not only information about Indianapolis but about Gary, Indiana. We need information about the other seven metropolitan areas. Furthermore, we need information about those smaller urban areas, such as Kokomo, Indiana, which most of you probably never heard of, and even smaller Vincennes.

We really need a comprehensive system for city and local information starting at the lowest possible level, and preferably covering 100% of the areas.

Nevertheless, we should approach the problem in this way. We would perhaps have less complete data and detail it on its characteristics, and on inferences. We should have some data for the smallest practical unit, whether county or some other unit, and then aggregate it. We are trying this in Indiana and a few other States.

We are looking for a simple kind of data, county or State, whatever is practicable. If you divide the State into 14 economic regions, these regions are all complete, and this covers the whole State. We are working on that data, but we will develop it through the 14 regions. The data for the 14 regions hopefully can be added up to a total.

This would be useful as one method to provide information to all the school people. School people want information not only of the State, but for the largest area, and the smallest cities. They even want information by school district, within the cities, if possible. We think this is impossible, so we are hoping to substitute some economically reasonable type of data.

I would like to comment on what Sherrill has said.

We in the State employment security agency are frustrated because we are unable to meet many needs of agencies engaged in manpower programs.

We have funds available to gather and process basic data; plenty of funds available to us on planning; and at least substantial funds through other sources, agencies, on the city or local levels, particularly in local communities. They have asked for information on basic employment from data centers, data banks, by people from the metropolitan planning commission, by the State Department of Commerce, that is the groundwork to some Federal program for developing a data bank for industrial development, by health agencies planning a model data bank of some sort, that will have data on toys, as well as stenographic data, and health data.

Yet we have no real supplementation to provide the basic needs that come into these questions. It seems Sherrill suggested some of these things in the recruiting of basic data, starting with the local, county or small county basis and hopefully developing something that is comprehensive for the State.

It might be money well spent, or better spent, even if you funnel this money here and here and here, and into areas that are related to manpower, and really using manpower data that will help us in preparing the really basic data and not coordinated at all in the determination and concepts and in areas so far out that there is not much hope in adding together the various findings on these analysis programs.

MR. FICEK: Well, we have now heard from our five artists, and we shall continue with the usual format of this meeting. We should adjourn at this hour, but, we started late. I do not wish to deprive any of the participants, both from this side and that side, of the opportunity to join in this symposium.

At this point I would like to get a statement from the sophists on my right, who have been severely criticized, from those on the left, whether they can say anything in explanation of their crime.

MR. STAMBLER: I would like to say very quickly, one thing from this side. I concur completely with the recognition that these numbers are different from BLS figures. I agree completely that additional data are urgently needed.

I would just like to make one point on what Mr. Kelley said. BLS in a sense does recognize the need for data, because the only data available are from 10 states, or 20 areas.

Even the population of this nation, which was based on the current population survey, was available through the Census Bureau only by invoking a system whereby we could provide this kind of information.

So we had the opportunity and the funds, particularly, to go beyond this. We would have done it. To do what was suggested, is my responsibility, whether you start from the top and work down or you start from the bottom and work up.

Nevertheless, as Mr. Neville said, we do have the same information now. That will help provide the educational systems in the various areas. As data comes out of the computers, I think basically that will also help.

MR. FICEK: Any other comments?

MR. NEVILLE: I have a tabulation produced on information obtained for work force figures. And that is compared to the work force figures that are in the research estimates for 1968. I have not passed it out, but it is here, if anyone wants to look at it afterwards.

MRS. HELEN ENGEL: We have a Department of Health, Education and Welfare. My question is in connection with a statement that social outcomes of cross-picked employees, may be more significant than the dollar. My agency has a unique problem. We have to develop a cost benefit analysis on employees, the impact of training programs on essentially employable people. We do not have too much difficulty there.

But under our legislative policy, I would like to see us develop a cost benefit analysis of employees to measure outputs to objectives such as strengthening female life, or the promotion of the advancement of children--in other words, the social benefit that will follow from certain inputs of money and services where the social outcomes will show up over a long period of time. I would also like to try to break it down into the objective concepts, into components for which we can apply dollar values or values scales.

How far have we gone in measuring the impacts and the outcomes of such approaches, as contrasted throughout the country? To what extent can you differentiate between dollar impact, which is fairly easy to read out, and to what extent is there a cost benefit, and the social direction which takes much money in order to develop.

MR. UPEX: I can only say this problem causes us very much concern. I can't make a statement here epitomizing the objective function, which, to my mind, is variable and has conceivable conceptions which are undefinable.

The period of time which you suggest, the long generation affects of the program, for example, is something which can't be defined at the present time. The diligent approach to the problem is that the cost analysis we are leading to is the main tool of examination, and must always be looked at in the true context that the wider step reflects the speed making process.

In short, we don't have the answer.

MR. SCHLANG: (Manpower Control) I was debating whether I should say anything or not. I probably made the wrong decision.

I have not had any real facts to make the right decision. As Weber said at lunch, sometimes you have to make a decision on no facts.

I would like to go over the record briefly and describe some of these problems that we now have and how we attempted to resolve some of the problems that we have had in the past.

Not long ago the unemployment estimate of USES ranged from 2% to town and local chambers of commerce to as high as 20%. It came from the United Automobile workers and many other places.

Faced with this kind of problem and no available data at any time and with pressure to develop the then Bureau of Employment security suggested we take in 50, try to develop the system of so-called 76 departments, which estimated employment in a somewhat uniform manner. This was across the nation. If you look at this figure, except for two or three States, and assume certain margins of error, when it is put together if you add the figures, you come up with about the same thing.

I too fully recognize the need for more information on the characteristics of employment in individual areas. Who the employed are is far more significant than the unemployment rate of ours, which has the characteristic of being self-serving.

One of the big problems in the so-called methods for estimating is the work force. That is on a different machine. Conceivably, the rate of work force concept means the data are complete no matter where those employed work, so long as they are at work and no matter where they live, so long as they work in the metropolitan area on the employment side. They live in the particular metropolitan area and are counted and reported as employed. This tends to distort the unemployment rate.

If you want to have a household survey for all the years, as we did years ago in the metropolitan areas, the cost figure ran into something like $100-million, if not more. It was a prohibitive figure. I think that it wouldn't be desirable.

One other reason this came about, is the different feeling today about methods. During the last several years, more information has been available including these estimates that Dr. Stevens Russel developed of a survey by census.

We are revising the methods and taking into account new developments which have occurred during the 1960's in the relationship between the true employee and the other employee, the changes in the definition of the new ones.

We are also trying to provide some kind of guide for State agencies to adjust work forces and to illustrate the work force concept so that the rate would be comparable. This does not mean at all that the essence of the employment based on the establishment of the work force has changed in any way. Thus, we are talking about only one figure which concerns itself with the work force, and these are the wage earners. Some way we should get additional funds to do more household security research.

But at the same time no such money is necessary to go to 230 metropolitan areas. Mr. Weber has indicated how desirable it would be to go to 3,000. The total cost of such a program would far exceed the money which has been allotted to the whole anti-poverty program.

You have to be in a position in your own administrative agency; you have to figure out how best to go at it.

These data will be useful, and I should try to resolve somehow, you know, this situation. It has been said, in New Jersey, "why don't we restore this data to the State Agency staff." We will try to do that in the future. Unfortunately we have only the data that was going to come out.

We have discussed this continuously and we are going to try to do something about it.

MR. PEARCE: The next speaker, as you know, was scheduled to appear before us Tuesday, noon, but because of an important press conference, his appearance had to be postponed until tonight.

This gentleman is a lawyer who you are all familiar with, especially if you are from New York City. He is a graduate of Cornell University and Cornell Law School; I first met him 27 years ago. He was the newly designated chairman of the newly created regional war labor board covering New York and New Jersey.

He went from the war labor board to the national war labor board, where he served as executive secretary, and subsequently returned to New York State as director of Labor Relations in the City of New York and then on to the law firm bearing his name, where he became the foremost labor mediator, labor negotiator, factfinder, and arbitrator.

Anyone who has read the New York Times over the years knows something about the range of his activities and his extraordinary achievements in this area. Suffice it to say, that whenever he steps into a critical labor dispute, where the public is concerned, they are conditioned to expect an early settlement.

Probably he is best known for his work in the New York City Transit, newspaper industries, and the railroad and maritime industries. But more recently he has been involved with the men in many of the construction trades.

Our speaker has devoted a great deal of attention to the question of automation and has also established the American Association of Automation, and has been a factfinder in this complex field.

Also his activities have evidenced a profound concern with the problems of civil rights and fair employment practices. As you know, he has served for several years as president of the New York Urban League.

It certainly is a great personal pleasure and certainly a privilege to present Mr. Theodore Kheel.

Theodore W. Kheel
Labor Mediator

Thank you, Mr. Pearce. Honored guests and ladies and gentlemen.

Like yourself, I don't know what I am going to talk about, but I hope it will be of some interest to you. I have been suggesting ways in which campus disputes might be resolved, but my children assure me that there is absolutely no validity to what I have proposed and they are probably right.

I was interested in hearing Al say that those decisions that he made as wage stabilization director during the war labor board were based on fragmentary data and inconstant conclusions. I must confess I suspected it right along.

I must pay my respects to you ladies and gentlemen because I have poached on your wisdom all of these years. Without the facts we are lost.

Unless we know what we are talking about, we may be able to talk more freely and without inhibition, but it doesn't lead anywhere.

My initiation into the war labor board caused me to meet William H. Davis, who had a wonderful saying: "you can't argue about the fact, you can only be ignorant of it." And in so many areas of our life, not only labor management relations, we are ignorant of the facts, we are derelict in framing the issues.

I have had, perhaps, a measure of success in mediation, and I will confess all. It is a very simple business. The mediator does not come up with any great solutions. He is not any kind of a Solomon who is able to consult with "Barzardes" and come forth with the answer. The process of mediation in its final analysis is one of getting people to know what the facts are, to know what the problems are, and to know the people with whom they are dealing.

The great poet Robert Burns spoke of the gift to see ourselves as others see us. The most important function of a mediator in my judgment is to get people to see others as they see themselves. And without the facts that can't be done.

Now, when we talk about the facts we really don't know precisely what we are talking about, at least in the field of labor relations. I served on a number of factfinding boards under the Railway Labor Act and under the Taylor law in New York, and in various ad hoc proceedings where a board of "distinguished" people were appointed to find the facts and to make recommendations. So often, if not most invariably, the essential aspect of those proceedings is the recommendation, somebody making the proposal that hopefully will resolve the controversy. They are called factfinding proceedings and I think that ought to be corrected, because the factfinding in that respect is incidental to the recommendations.

Under the Railway Labor Act, these proceedings are most notorious. My own personal experience has been that in such factfinding proceedings the parties are given 30 days to present the facts before the board that the president has appointed. In those 30 days they undertake to hide the facts, and then the board that has been appointed is given 30 more days to find them, and if you are looking, you may find them. If you are not, they are forever lost.

Whether you find the facts or you don't in those 30 days that you are given, the only thing that is ever alluded to or pointed to is the end, where it says "And we, therefore, recommend a 25 cents increase." When the reporters get hold of it, they likewise go to the end of the report and say "The fact finding board recommends the 25 cents increase," and from there on the issue is whether the 25 cents is enough to settle the dispute or whatever it happens to be.

I don't consider that type of factfinding proceedings to be properly illustrative of what is being accomplished and what can be accomplished by you ladies and gentlemen in the field of labor statistics and labor analysis.

I think factfinding must be divorced from recommending. It must be pure and simple and not pointed towards the recommendation.

In my personal experience, one of the best uses of factfinding in this pure sense is in the 1964 longshore controversy which grew out of one in 1962. The Department of Labor was appointed to find the facts regarding the size of the gangs that loaded and unloaded ships in New York City, and the study was conducted in the Department of Labor and the results were properly compiled and presented in a very persuasive manner to the parties, without recommendations, without prior release to the newspapers. I continue to be amazed, although at this late stage of my life I don't know why I should be, on how persuasive the facts can be.

If you attach them to the recommendation, particularly one that is geared towards the solution, the facts become suspect and they are generally overlooked. Having a job is the most important thing to a man in his economic life in our society. If you don't have a job you are a castoff . You don't have self-respect. Our society is geared towards jobs. We have lots of problems as we know. We have labor relations problems, which are manageable, although they break out here and there, especially during the periods of inflation and in connection with public employment where special problems exist.

But they are more particularly in recent years of great concern in connection with what can be described as the black and Puerto Rican revolution, because we are all subscribing to the principle of equal opportunity, which is a very easy thing to say. We don't know as yet, what its full implications are or how properly to achieve it.

We have lots of problems that are projected to us through the media of communications between groups of people and necessarily and unfortunately they must be projected in terms of generalities.

Another thing that has impressed this upon me in connection with the problem of conflict or dispute resolution is the extent to which we get hung up on generalizations.

We oversymbolize serious problems and then having made them into symbols, we cover up so many portions, so many pieces, that have not been or could be subject to resolution.

We have community disputes over civilian review boards, over integration and desegregation, over local control and black power, on the campus, among students, faculty members, and university officials.

There are, of course, some very fundamental problems that are posed, and fundamental problems can't be resolved merely through the process of mediation and negotiations.

But there are so many aspects of problems that appear to be fundamental, that are susceptible of at least being narrowed, if not totally resolved by analyzing the problem and getting facts that are involved.

In the area of automation which Al mentioned, we know that employment will undergo tremendous changes because of technological advances.

We know the potential for good that can come from these changes, because it means that more things and better things can be produced with less time and less effort. We know also that these changes seriously discommode individuals, and it is the sum total of the individuals who make our society.

There is a tendency to say, to plead, that this change or that change will have this effect or that benefit, and for those who are immediately affected it is of some little comfort to know that everyone would be better off.

The longshore negotiations I told you about has resulted in an industry that is, at least on the surface, having one of the most constructive patterns of labor management relations that will lead to improvements in the waterfront and the City of New York and probably elsewhere throughout the nation.

They are fundamental and far reaching improvements to be achieved by people who are very ordinary people and have no claim to superior knowledge or ability. They are aided and abetted by knowledge of the facts and what they mean.

I am involved at the moment in an effort, in New York City, to find the facts, facts that must be helpful in persuading people of the concern. These facts must be obvious, since they underly many of the problems in the building trades, including those having to do with minority group employees. We are in a building boom in New York City. There is a tremendous shortage of labor on the average; in some crafts no workers are available; such is the shortage.

In other crafts the shortages are so severe that the projects that are on the boards are being held up. It would appear from all the information we have that the boom in building is likely to continue for many years, but, of course, there is no guarantee.

The various unions that make up the building trades in New York City on the average don't have the individual journeymen to meet the current needs of the building industry, and they are being asked to take in more members. And in the process necessarily, they will take in more members from the minority groups into their apprenticeship system. They are reluctant to do so, and their reluctance is not, I am absolutely convinced, anti-black or anti-Puerto Rican. It is anti-anybody that threatens their job security. They are in a sense like the fellow who said "I hate everybody regardless of race, creed, or color."

And the question they asked, which is a perfectly legitimate question, and that is, "you tell us that there are more jobs than can be filled now, therefore our ranks should be expanded, but will you also tell us that next year or a year after there will be the same numbers of jobs?"

Andy William guaranteed it. And I am led to believe that after I have gone through this whole syndrome of problems in connection with the introduction of automation, be it in the printing industry, newspaper industry, I am convinced that the solution to the introduction of change in employment is the guaranteed annual wage or some variant of it, guarantee of security of those people who are threatened. When people are threatened, they respond, they become hostile, and the way to deal with the problem is to remove their insecurity.

It is not easy in the building trades. Indeed, it is not easy anywhere, because there is a fear on behalf of the employer, understandably, if he makes a guarantee, he may not be able to honor it because business conditions may not be sufficient to enable him to.

But there are variations. We have done something fantastic in this country with supplementary unemployment benefits with their relationship to employment compensation, with the development of funds that protect people against uncertainty, insecurity, and these are growing in numbers. But we are coming into a field where we have to know the facts. And if we don't know the facts, we are whistling in the dark . We get emotional. We get irrational. We fight each other.

I am particularly concerned at this moment, about the continuing division of the black communities in the labor movement.

There is a blanket of hostility that is expressed, and it is felt, and perhaps understandably so, between members of the black community and the labor unions, and perhaps it is reciprocal, which is, I must say, unfortunate, because we have two things to consider. One is the problem of individuals who act improperly and discriminatorily. Such persons should be opposed and should be attacked.

But we have the concept also that is divorced from individuals, and that is the concept of organization and collective bargaining and trade unionism.

In the final analysis, the black community has more to gain from trade unionism perhaps than the white community, in the sense that there will be a larger percent of working people in the black community than the white community because of income distribution and accumulated wealth.

When the milenium arrives, there will be X percent of all blacks who are jobholders and something less than X percent of all whites who are jobholders. The experience of the last 100 years has demonstrated beyond question that workmen are better off if they belong to a trade union than if they engage in individual bargaining with their employer.

The concept of the trade union and the concept of collective bargaining is in jeopardy because the black community feels--with some justification--that the trade unions have mistreated them and that there is discrimination. And the building trades, of course, is notably guilty in this respect. Other trade unions are guilty too of gross discrimination and they must be routed out and their actions reversed.

But it is also true, as you tell us, with industry generally, that it falls into two categories, the category where the employer does the hiring, and the category where the hiring is on a referral basis, where the union is involved, and at the point of employment, there is still discrimination, and there is still discrimination in those industries where the employer is the agent of employment.

Where there is a referral, the complaint should be zeroed in on the employer and union to the extent that there is joint operation of the referral system.

On the promotion system, after the employee has passed, and, from what I am told, again, by the information which you have gathered, discrimination is more serious, more pernicious after employment, after the initial hiring. We have made progress here on initial hiring. We have not made any significant progress on job advancement.

But here we have a dual problem, and in certain situations, notably in the South, there are seniority lines that move in isolated directions that are discriminatory. There is a system of seniority itself which presents a very difficult and ironic problem, and it is worth mentioning here.

The first rule against discrimination that the working people devise, which still has validity, is seniority, because the most objective way to measure people is by their age. Everybody gets 1 day older every 24 hours and at exactly the same rate, and nobody has any advantage in getting older. I heard about this man who was honored when he was 90 or 91 at a luncheon at the Savoy Hotel in London, where many complimentary things were said about him. He got up to respond, and he said there are some advantages in getting old, and he paused to reflect, and then said, "But I can't think what they are."

The fact is that everybody gets old at the same rate, regardless of race, creed or color. That is also true, when there has been a history of discrimination. There are going to be more white employees than black employees, and if unfortunately a layoff takes place, the younger men are going to go first, and they are going to be black.

At this moment we are walking on eggs, because we have a roaring inferno going and something has to be done about it. And I don't know what is to be done about it. Perhaps you do know. But if it means killing our economy, and it seems to be something of that sort, then there must be layoffs, and layoffs will hit the black community the hardest.

Maybe 20 or 25 years from now it won't be done, because there will be more blacks percentagewise than whites in the labor movement, but today it will mean blacks will be laid off. We have enough problems without that. You economists, you experts, have to figure out some way, notwithstanding the inflation, that we can maintain, for all the problems it creates, the current rate of employment. We just have to do it.

I am carrying coals to Newcastle in this respect, that without the facts we are dead, and we do not rely enough on the information that Herb Bienstock, Al Pearce, New York City and New York State, and you ladies and gentlemen, throughout the country, are supplying on our employment, all its related aspects, and information that does not have to be directed towards the conclusion, because the facts will point to the conclusion.

If I can get the information in a labor dispute and ask the right questions, I don't have to have any ingenuity in proposing a solution. I will reach a solution. Of course, there has to be a commitment to a solution. If we feel that what we have is so beyond repair that it can be cured only by being replaced, we have a different situation.

But to the extent that we believe, and I do believe that we have the capacity to adjust, not as readily as we should, but we have the awareness, we live in an age today where everybody is aware. It isn't just an age of giants and midgets, and "what's new at the movies?" It is a matter of tremendous concern, and we are worried. Although the circumstances that worry us are numerous, the fact that we are worried is a good sign. The fact that we are concerned is a good sign.

We have to guard against fighting with and against each other over generalities, over symbols, over cliches. We have to find out the specifics of the problem. Just having us with you in the right place is not enough, if in your mind you don't have the facts on which you can base the conclusion, on which you can reach the decision.

And so I am honored and pleased that you have asked me to come here, because this gives me an opportunity to pay my respects to you ladies and gentlemen who made what I have been able to do, whatever it is, in the resolution of conflicts possible.

MR. PEARCE: Well, we are certainly honored to have had you as a guest and to have heard you. To some extent we share with you what we have been doing, and to some extent you challenge us to do what we have not been doing as well as we might.

The one thing above all that I take from your comments is the importance that we statisticians get away from generalizations, away from cliches, and getting down to the specifics, breaking down the overall problem into its components in which there are many manifestations through our conference, one being getting away from national averages, and national generalizations, down to the situations which each community faces, and certainly even at that level there is no limit to the specifications that we are capable of making, but which we too will make.

Our speaker doesn't specially want questions that any of you feel compelled to ask, but he will answer any that you do ask. Are there any questions? If not, let's join in a welcome to our guest.

MR. KEIM: At the opening of each conference, I provide brief summary remarks about the agenda on the program to be conducted during the week. When we come to the Friday session, I refer to it as the piece de resistance of the conference.

During the week, however, as several of you have said, "I thought you indicated that the piece de resistance would come on Friday." So they said we think what happened here today is it. Each session was a piece de resistance unto itself.

We will note in our program for the Friday morning session a discussion of some basic economic problems in our time by top experts in the areas selected. Certainly that opinion is important today in meeting the inflation problem.

I will just say a few words about our chairman, who will then take over and conduct the session. Dr. Maurice Mann was appointed assistant director of the Bureau of the Budget March 1st of this year, primarily responsible in the general area of economic affairs. Dr. Mann assists the Director of the Budget in activities involving the cabinet committee on economic policy; the policy advisor reports to the president on matters of domestic and international economic affairs. Dr. Mann also advises the director on a wide range of financial and economic matters as well as the Federal Government's Statistical Programs. Before joining the Nixon Administration, Dr. Mann had been with the Federal Reserve Bank of Cleveland since 1960, as Vice-President and General Economist. He was Senior Officer in charge of the Bank's Research Department. He was also an Associate Economist of the Federal Open Market Committee.

While in Cleveland, Dr. Mann was actively involved in a number of public and civic organizations. Dr. Mann was born in Peabody, Massachusetts. He received a BA Degree from Northeastern University, Boston, in 1951. He then received a Phd. Degree from Syracuse University in 1955 in economics. From 1955 to 1958 he was Assistant Professor of Economics at Northwestern University.

We are very privileged indeed to have as our Chairman this morning Dr. Maurice Mann. I am grateful to him; and, in your behalf, I want to tell him that we really feel privileged to have him here.

MEETING THE INFLATION PROBLEM

Chairman: Maurice Mann, Assistant Director
U.S. Bureau of the Budget

If you think that the biographical sketch that Walter read was good, you ought to see the one I wrote.

Geof Moore has already told you something about what is going on in Federal statistics. But important things have happened in the past couple of months in Washington as far as we are concerned in the Federal statistical area.

First, we have changed the name of the Office of Statistical Standards to Office of Statistical Policy. It better describes our added duties and responsibilities. But hopefully that is a new policy.

Second, Ray Bowman is retiring, and in fact, he is taking on a new assignment with a Japanese Company. Ray Bowman was one of the true friends we had in Washington and we are grateful to him for his accomplishments. We have been able to find a successor right in government.

He has become the Special Assistant to the Director of the Bureau of the Budget. Julius Shiskin,, whom many of you know has been appointed Acting Assistant Director of the Office of Statistical Policy.

We are looking forward to many things, looking for a new life, looking for tremendous contributions for there are some of us around Washington who feel that the statistical program has fallen far behind the way it should be.

I might say what the format this morning is. I am going to state what I think is the Administration's decision regarding how we are going to meet inflation. Following that, I am going to ask each of the panelists to say whatever he would like to say. I should note before introducing them that the panel represents a cross-section of interests, but one of the panelists has been identified as having a business point of view. I myself am more or less quite sympathetic with that point of view.

Anyway that particular individual represented here is the Senior Vice-President and Chief Economist of the National Industrial Conference Board. You all know Jim Cooper, who is Vice-President and Director of Economic Research of the Irving Trust Company. He represents the banking group. And they too have a point of view.

On my far left is Professor Sol Barkin, University of Massachusetts, who will represent the economists' point of view--independent, progressive, objective--well, that is my point of view. He is likely also to admit to identifying with the union's point of view.

The remarks that I am using are the same remarks I used a week ago in San Francisco. They were cleared for official use. Despite what the New York Times and the Wall Street Journal said this morning things have not changed considerably. Unlike the Federal Reserve, which moves from hour to hour, our viewpoint is that fiscal policy should move more slowly.

It would be like carrying coals to Newcastle to inform this group that the major economic events in the United States during the first half of 1969 have been sharply rising prices and sharply rising interest rates. But I am doing it anyway, since in recent months price increases have accelerated and interest rates have moved to historical highs.

Our current economic predicament is the direct result of previous miscalculations in managing the Nation's economic affairs. These miscalculations, which clearly were matters of judgment, set off a train of events that culminated in a pervasive inflationary psychology, which will be difficult to shake off, and which has allowed prices to get out of control and make runaway inflation a distinct possibility.

The major domestic responsibility facing the Nixon Administration, therefore, is to bring the economy back to a more stabile condition. This objective can be accomplished--through both word and deed--by convincing the public --businessmen, consumers, bankers, investors, and others--that inflation cannot and will not be tolerated. In short, our primary domestic job is to return the country to a balanced and sustainable track of economic growth. This job will obviously take time and serious effort, but the burdens involved are temporary and relatively small to bear compared with the long-term costs of not doing so.

As I have indicated, our current situation is an outgrowth of past decisions. But let us make no mistake--the future will be the outgrowth of what is done now. We should keep the recent past in mind not only to understand the present, but to use this experience to avoid making decisions today that would adversely affect the future.

Consequently, we need to examine carefully our policy choices and select that strategy which will best accomplish our objectives.

The economic environment of the past 4 years reflects the interaction of a number of factors. These include escalation of the Vietnam war, rapid increase in Federal spending, intermittently excessive business investment spending, and other extraordinary demands on the economy's resources, and a more often than not inappropriate mix of monetary and fiscal policy.

For the first time in 4 years, since the turn of this year, we have a monetary policy and fiscal policy building up at the same time. The monetary policy began to become increasingly restrictive late in December and has moved more restrictively in 1969. However, in spite of the double-barrel approach of the monetary and fiscal policy both prices and interest rates have continued to rise, as lagged responses to the policy actions taken, or not taken, earlier, as well as to the anticipation that policymakers did not mean business about curbing inflation. It takes time for monetary policy and fiscal policy to take hold. Therefore, we should not be surprised at the difficulties we are now having in bringing inflation under control.

An extended inflationary period, such as we have had in the recent past, engenders expectations of further inflation. It also provides an incentive for all of us not to postpone buying for consumption or investment purposes. That is to say, expectations of still higher prices and interest rates, as well as the actual pace of inflation, help neutralize the influence of restraining forces at work in the economy, so that we need precious time to break inflation.

The Administration recognizes this case. Even when economic policy is applied appropriately, as it has been in recent months, we watch anxiously for initial signs that policy is working. Many economic growth factors show some evidence of slowing, in a broad but not as yet fully conclusive sense. For example, in money terms, the rate of growth of the economy has declined in each quarter since mid-year, 1968,--third quarter of 1968, fourth quarter of 1968 and first quarter of 1969. I feel reasonably sure that the second quarter 1969 will show a similar decrease.

In addition, from the data available in each of these four quarters, the rate of growth of real output has shown successively smaller increases. I also feel reasonably sure that we will have one more quarter with an increase similar to the second. Based on the data that we have, the increase in real output in the first quarter of this year was the smallest in two years.

On a more current basis, a number of major statistical series also indicate a modest economic growth slowdown and signs of moderately reduced pressure. For example, the recent lack of steam in personal income, nonfarm employment, housing starts, and retail sales, among others, may be more than just straws in the wind, even though at this juncture they are by no means definitive. If these developments are reliable indications of near-turn events, then we are making progress toward bringing about the reduced economic growth that is essential to checking the inflation gripping the economy.

In slowing the growth of the economy, it is hoped that the slackening will be reasonably well balanced. We seek a balanced and gradual slowdown to avoid a repeat of the situation in 1966 when a single sector, housing, experienced a disproportionate burden of economic restraint. All sectors should share in reduced growth to a reasonable extent. I will return to this matter later in my remarks.

The reason we need a fairly lengthy period of reduced growth is the evidence which indicates that price behavior tends to lag other economic indicators by a number of quarters. For example, in previous periods when a slowdown occurred in economic activity, prices of investment goods were either one or two quarters behind the overall change of pace. In another example, changes in prices on non-durable goods tend to lag a slackening of other economic activity by three or four quarters. These examples indicate that throughout much of the economy, supply factors, wages, and material costs keep pressure on prices for some time after demand pressures ease, and that such factors can be relaxed only if demand pressures are not allowed to be rejuvenated too quickly. This is why economic restraint cannot be successful if it is applied only intermittently; we should not now be repeating past mistakes.

We need to achieve a further and gradual slowing of the rate of economic expansion in the months ahead to bring inflation under control. In this respect, it is imperative that the President's tax program be adopted quickly. A Congressional failure to act favorably and quickly on the tax program means either more inflation or too heavy reliance on monetary restraint, or some of both; the most recent increase in the prime rate indicates the kinds of financial developments that could be expected, if the fiscal indecision of 1967 is repeated in 1969. On the other hand, the more quickly the surcharge is passed and inflation is brought under control, the more likely monetary policy will be able to back away from its present restrictive posture.

In the period ahead, we should have an appropriate mix of monetary and fiscal policy. An appropriate mix makes more likely a balanced and reasonably even slowing of growth rates across the major economic sectors. Excessive reliance on monetary policy, which falls disproportionately on selected major economic sectors, would not be desirable.

The credit conditions and financial dislocations experienced in 1966 attest the disadvantages of over-emphasis on monetary policy. With the concerted efforts of monetary and fiscal policy just beginning to take hold, it would be unfortunate and unwise if fiscal policy went off the track. The President's tax program, in conjunction with spending reductions already programmed for fiscal year 1970, would allow us to maintain, on average, the fiscal position reached in the first quarter of this year. This implies no additional fiscal restraint, but it will allow us to keep what we have--and what we need.

In fiscal year 1970 if the surcharge is not extended, we would lose an estimated $7.6 billion in receipts and end up with another budget deficit. This would be inappropriate in view of inflation. It would also be inappropriate in that it would shift the Federal Government from being a net supplier to a net demander of funds during the full fiscal year, and would place an additional burden on the Nation's financial markets. In addition, because of the large part that psychology and expectations play in economic affairs and economic decisions, it is extremely important that the continuity of the surcharge not be broken. Failure to act would redound adversely on the Government's credibility with the American people--as well as abroad--as to whether we intend to meet our economic responsibilities and challenges.

A high level of financial credibility is crucial in the period ahead.

In coming years, the nation will be facing a whole new set of problems and challenges. In that environment, we will be constantly reevaluating our priorities and reallocating resources. To have healthy economic growth at a reasonable and sustainable, noninflationary rate, and to protect the dollar at home and abroad, we must maintain prudent and responsible economic policies. We took the appropriate first step in the recent coordination of fiscal and monetary policy; and the second step was the $4 billion reduction of expenditures in the 1970 budget; the third step should be the passage of the President's tax program, including continuation of the surcharge. In only this way, can we have a well balanced mix of monetary and fiscal policy.

Martin R. Gainsbrugh, Senior Vice President
and Chief Economist
National Industrial Conference Board

What can you say after a talk like that? Let's be honest with ourselves. Aren't we all for inflation control? Of course, you will find some problems involved in solving this basic problem and some people are going to get hurt in the process. The policies are not the best in the world. Our problems do not all stem from the past adminstration. So I take exception from the very start of the opening thesis that all our problems stem from miscalculations of the previous administration. Let me assure you that the conference board is really non-partisan. I demonstrated it right now.

Who would have believed, speaking as a business economist, that shortly after its entrance the so-called business administration would be sponsoring the repeal of the 7 percent investment incentive. This administration--and it has been demonstrated again this morning--is deeply concerned about inflation.

Let us put this problem in perspective. There are four causes of inflation. Let us keep all four in mind as we review our progress against inflation.

First, fiscal cost: When you have budget deficits you are compounding the problem of inflation. And I will abide by what our previous speaker said, that a large Federal deficit is inflationary.

When you begin to shift from the new economics to the old economics or a blend of old and new and recognize that there are times when budget deficits are undesirable, you are moving toward correction of inflation. You are beginning to see the shift that is taking place from the new economics to the old, a shift from destructive budget deficits.

The column labeled "Commercial Economic Budget Surplus and Deficit" shows the deficits that are now being replaced. At least we hope that the unbalanced budget, that type of economics that was desirable in the first half perhaps of the 1960s is now being left behind. I do think that is making some progress there. With the aid of Congress we should continue to do so.

It is amazing to me how often the Congress will stand for economies and then as the year runs its course continue to increase its expenditures so that even this year's surplus is beginning to vanish. There are some neat tricks hidden in the budget for the next fiscal year. They are being looked at very carefully before we conclude that we will have a desirable surplus in the next fiscal year. Fiscal policy is one source of inflation.

The second source of inflation is the monetary source--go easy in extension of credit. The money supply people had their bit; the money supply people take the increase out of the gross national product. In 1968 the gross national product went up 9 percent. The money supply was advancing to the 12 percent rate.

The administration is looking at the last budget now. Our chairman was saying what the chairman of the Federal Reserve Board actually said. As a matter of record, in 1969 for the first time since the onset of the Vietnam war, was the Federal Reserve policy working in any way with the fiscal policy of the Treasury. Just ponder the significance of that. The fiscal policy was working with restraint of inflation, and the Federal Reserve policy, as late as the end of 1968, was so concerned about the possibility of an overreaction that it was almost negating the fiscal policy of the administration. Look at the figures for money supply or the so-called magic ratios. You see the figures 44.8 compared with 44.3, with money supply rising faster than the GNP rate at the end of 1968.

Then, finally, the Federal Reserve "got religion". I hope it stays converted. No increase for the money supply at all. Look at the figures, the first column, total money supply for April, and again for May. Less than it was in December.

So, again the second source of inflation we are dealing with is monetary inflation, some derived in good part from the first source--budget deficit.

The third source of inflation is the unit labor costs. Note unit labor costs in manufacturing. These are your statistics. They are not ours. They show the tremendous pressure that is being excercised on prices as a result of wage increases. One wants wage increases as the cost of goods goes up. You want your wages increased as the cost of living goes up. You also want some part of the improvement in the national productivity each year.
How do we prevent that from exerting pressure on prices? What has the present administration done about this?

They hope that the restraints being excercised on the fiscal and the monetary fronts, can and will later begin to restrain the third cause of inflation, the wage-cost push inflation, which I will concede stems in part, but not entirely, from the fact that we have been slow to apply the necessary monetary and credit principles.

And the last and fourth source of inflation is the handling of the inflationary expectations.

When prices go up or 1-1/2 percent a year, it is not labor costs. The emphasis I have been placing on labor is the figure 70. If you are not familiar with it, let me stop for just a moment to develop that. Keep the figure 70 in mind as it relates to any rate. As prices advance 1 percent a year, it takes 70 years for them to triple. Changes in buying and spending habits, may be offset by quality improvement. When prices go up 2 percent a year, it takes 35 years for them to triple. Your dollar would be cut in half. This could turn out to be very dangerous, but it still wouldn't change either our spending or saving habits.

When rates go up 4 percent or 5 percent a year, it takes only 14 years for your savings to be cut in half. People begin to change their savings and buying habits. This starts to affect business decision making. It starts to affect borrowing, apart from insurance companies, at 5 percent, investment at 8 percent and 8-1/2 percent. These things start the ball rolling and affect business and consumer judgment in society. These changes have begun to erode the inflationary expectations. If you want the Administration to look at the equities, you continue to wait and see what happened to them during the last month or month and a half. We lost 10, 15, 20 percent of that in these equities. It becomes apparent that we may be close to the crest, perhaps, in the inflationary prices.

So we have begun to make some gains even in the fourth area. I am more concerned about what lies beyond this crest, and the possibility that in early 1970 and in late 1969, as in the start of 1969, emphasis will still be on inflation.

Those are the four main sources of inflation. Then the fifth is war. Let's not forget that our inflation is stemming from war. As in the past, inflation goes back to that. Look at the history of war. In World War I inflation came along with it, and the price correction followed. World War II had inflation. Then came the Korean war and more inflation. In fact, we had less inflation in this war then we had in the past. We suppressed inflation in the Korean war. We had control during the Korean war. Within the first weeks of the Korean war we suppressed inflation.

I think it means less of a problem pricewise at the end of the Vietnam war than in some of the other wars. I believe that the end of the Vietnam war will see an end to this inflation. Some of you know in the 1970 models before us there is a definite picture of business conditions. Western Electric presents this idea of precise secular inflation, and this contract was widespread. Many public corporations were affected.

Interest rates are going to stay where they are, they are not going to go up from 8 percent or 8-1/2 percent. In the economic model for 1970, and in any other economic model being built for 1970, all the price factors incorporated around the 2, 2-1/2 percent price increase factor rather than 4/5, 5-1/2 percent price factor.

I hope, as a business economist, I have made my position clear. We are not on the threshold of a recession. We are not out of the waters of inflationary problems. You take the GNP figure, 930, and I think our Chairman will agree that our second quarter figures will fall in the range of 915, 920, perhaps closer to 915, than 920, and business economists are saying perhaps it will be 945, 950 by the year end.

The rate of credit for the year is around 7 percent. Demand for credit is strong. Demand will continue to remain strong. Demand for capital investment is moderate. Our figures were down in the first quarter. Manufacturing corporations will be down again in the second quarter. Restraints are beginning to fight, and we are not getting impossible unemployment. We are not putting our foot down on the bridge. Overnight, we are not going to see the end of inflation through lower price factors, implicit price indexes, 4.4 percent in the first quarter is still around 4 percent for the second quarter. It may be as low as 3-3/4 by the year end.

It will take time, patience, and perseverance. You heard this from the Administration. You heard it from business economists. We are not going to solve inflation overnight. I am, first of all, asking that 1970 run its course. We will have this inheritance with us for a considerable length of time. We are pursuing the right policies basically. The one caveat, I think, is how to deal with wage costs, price push, and on through collective bargaining, and without resorting to controls. Clearly enough, the Administration has been derelict. It has not come up with a constructive appraisal dealing with this and I regret that they had disavowed the guidelines. They have disavowed the so-called job technique. Much is to be said for the democratic process. They develop the facts related to the whole general area of wage pressures and prices and have the public become increasingly aware, as in the case of the construction industry where you have sharp increases, that they are observing the areas of productivity, and such wage increase are adverse to the public.

James C. Cooper, Vice President and
Director of Economic Research
Irving Trust Company

Before I start, let me clarify one thing. When I got on this panel, I pointed out that I may not be taking the point of view that people would expect from a Wall Street banker.

Let me put into perspective, the point of view I will take, to give you just a little bit of my own personal philosophy. Otherwise you will find my point of view misrepresenting what you consider personal philosophy. I generally tend to be a liberal democrat and to watch Congress.

In this framework, one of the first economic priorities that I set in my own mind is the maintaining of rapid rates of growth and minimum levels of unemployment. The policies I am incorporating in this analysis I am going to read to you very quickly. If you do not keep them in mind you are going to think I am a Wall Street banker that is coming up with his own unjustified philosophy of plans, budgets, surveys, and what have you.

The older conservatives, who had tended to be anti-Keynesian in the next five years, are probably going to be turning out to be the strongest Keynesian economists around, because the results of the so-called Keynesian analysis fit into their preconceived notion of what is good or bad rather than what is derived just from economic analysis.

Let me forecast the growth potential to 1974 for the United States to set the stage for the inflationary problem we are currently facing. We should focus on this problem. I fear that everyone is going to think of the next 6 or 18 months and we are not going to cure inflation.

By 1974 the gross national product of the United States could amount to $1,140-billion 1968 dollars. If inflation is under control, and the rate of growth is not more than 2-1/2 percent a year, it would amount to about $1,330 billion 1974 dollars, if the economy's full potential is obtained.
If this growth materializes, real output will rise at an annual rate of 5.07 percent a year during 1970 through 1974, about the same as the 5.10 percent annual rate between 1963 and 1968.

Notice everything is conditional on this point, because the only way that we are going to attain that role and keep our real growth from dropping down to 4-1/2 percent is to have some rather dramatic changes in the U.S. economy . Sizeable declines in the unemployment rate contributed heavily to the growth of the past five years. A continued stimulus from this factor cannot be expected in the coming five years. This is very important. A sharp decline in the unemployment rate has been a basic factor in the economic growth in the past five years. A more rapid increase in productivity then has been experienced in most recent years will be needed if we keep the growth rate above 5 percent. This is the entire key on the productivity side.

Gains in productivity required to maintain the growth in real output above 5 percent per annum cannot be realized without sizeable additions of new plant and equipment. The ease with which businesses finance their capital expenditures, in turn, will reflect the fiscal monetary policy mix. Heavy reliance on monetary restraint to keep inflation in check would hold down plant and equipment spending by raising the cost and limiting the availability of investment funds.

Increased dependence on fiscal restraint, on the other hand, can help reduce inflationary tendencies without exerting as much upward pressure on finance. A failure to move toward greater fiscal restraint coupled with monetary ease could result in economic growth falling somewhat below its potential.

The growth potential of the economy is determined by two factors: how many hours are worked and how much is produced per hour. We expect the economy's growth potential to change little in the coming five years, relative to the past five years; a decline in the rate of growth of hours worked will be offset by an increase in productivity. We hope that this will occur. When I wrote this forecast about three months ago I expected it because I had great hopes in the current administration. Today it is a hope. It is not an expectation.

According to our estimates, the rate of growth of hours worked will decline from 2.0 percent in the past 5 years to 1.4 percent in the coming 5 years. This represents the net effect of a number of influences, some of which will slow growth while others will accelerate it.
The factors tending to slow the growth in the number of hours worked include a slight decline in the participation rate, a shorter average workweek, and a slight increase in the unemployment rate.

The participation rate for the total labor force has been pushed up in recent years by the Vietnam war effort. The estimates we have come up with show a very modest decline if the Vietnam war effort ceased or eased off at the end of this year. We had this estimate at the beginning of the year when the total number of troops actually began to decline.

The average number of hours worked each year is also apt to decline, not because the work week is shorter but primarily because the trend is towards longer vacations. By 1974 the total decline probably will amount to about 1 week in the average work year; the growth in man-hours worked will be reduced about 2 percent.

During the past 5 years, growth was stimulated by sharp decline in the unemployment rate from 5.7 percent in 1963 to 3.6 percent in 1968. Continued stimulation to the growth of economy from this source cannot be expected over the coming 5 years, since the unemployment rate is more likely to rise than to continue to fall. From the 3.6 percent average in the 1968 unemployment rate we are talking about, we have estimated it would average 3.75 between now and 1974. So we are getting a very negative stimulation here.

These factors, the participation rate, the workweek, and the unemployment rate probably will be major deterrents to growth. They will be offset partly by stimulative factors, a more rapid rate of growth to the population of working age, and a decline in the size of the Armed Forces. This is the only offset we see to these factors and it is not because of a lack of jobs.

The growth in the population of working age is being buoyed by a large increase in the number of teenagers coming into the labor force. This favorable demographic relationship should increase the growth in the population of working age to an annual rate of 1.7 percent from a growth of 1.6 percent per annum in the past 5 years.

Well, what does this leave us with? We have to push the rate of growth of productivity to 3.6 percent, maintain the 5.07 percent rate of growth for the economy. How are you going to do it? Let's look at the composition of demand. As long as there is inflation, it flows into two categories. Look at your demand side and your supply side, because I cannot handle as many variables as you do. So I tend to simplify it. On your demand side, it is a question of the composition of demand. A large growth in demand is coming in the 20 to 35 year age brackets between now and 1974. These age groups are the spenders and they don't save.
At the same time they are going to need housing. Our estimates for housing demands in real dollars is just about doubling the dollar expenditures between now and 1974. This is a whopping growth in demand. So here is your big stimulation of demand. Because of the composition, consumer expenditures also constitute a large part of the rate of growth of the economy between now and 1974.

At the same time, how are you going to employ these workers and get increased productivity? To employ these additional workers, we need more capital. To get increased productivity, you have capital financing or capital. Demands are tremendous for fixed investment together with growing consumer expenditure, unless we completely revise our tax systems. Business spending tends to be growing, and housing spending seems to be growing.

Where are you going to get the savings to provide the long term funds for fixed investments or large growth in population? The only way to avoid excess problems in the economy and avoid continued inflationary pressures is to force savings. Probably the only way to force savings is by government surplus. It is not a question of balanced budget. How much the rates of unemployment are the result of the stop-and-go dollar to try to stop inflation we do not know. So the big question to be --how much is the government going to be willing to cut back its expenditures.

I have a total here for the model to work. Government expenditures, including state and local, are running about 23 percent of the total output. They are going to have to decline to about 21.4 percent. If you assume that state and local spending are going to continue to rise, some rather dramatic cut backs must be made in Federal Government spending.

It is simple economics now. I didn't think 3 years ago I would be stand-before any group and arguing for government surplus as the only insurance of holding inflation to very low levels. But if we must make this hard choice, what is going to happen?

Sol Barkin
Professor of Economics
University of Massachusetts

I will have little difficulty with the position that I will take, as Martin gave me my take-off point in his final remarks. We agree that the central issue is the use of discretionary economic power, the ability to manipulate, control and extract special benefits from the economy. This power can be lodged among many different groups including business, banks, trade unions and others. Their scope and impact differ, but the nature of the leverage is the same. It is economic power in the interest of a specific group.

In view of the fact that two of us are taking similar positions, I cannot make my customary claim for equal time. As end-man I shall stress ideas which will be new in this review.

First I wish to align myself with the two speakers against the chairman. Dr. Mann delivered his speech a week ago, and, of course, events have progressed beyond that point. Congress in the meantime has changed our monetary and fiscal policies.

I wish, therefore, to say that I am on Martin's side.

MR. GAINSBRUGH: Welcome to the club.

MR. BARKIN: Look at what is happening. We tried to curb inflation by controlling the volume of money and raising interest rates. But it has not worked. The banks have run around these controls. They know our financial system and have devised methods of circumventing the controls. They went abroad to get funds and therefore continue to feed the economy and make tremendous profit and reinforce inflationary pressures. Of course, it is in their interest to make money. It is customary for men in this economy of ours to try to avoid controls. The use of such ingenuity is part and parcel of our system. But what is not commonly realized is that the bureaucrat and the theorist do not take these realities into account. The economist thinks in terms of simple or even complex relationships of the past. He is not party to the new inventions, therefore, he misses the signals which distort the operation of the economy. The bureaucrat is similarly handicapped; he can only deal with issues with which there has been experience. Both miss the core of the problem of control in a dynamic society. Human initiative diverts us from past patterns and introduces new ones. The result is the frustration of controls. That does not mean that I am against controls. On the contrary. I believe in them, but I do also insist that we have to make the major economic interests responsible for devising and implementing them in accordance with the national purpose. We have done just that in many periods and European countries are effectively following this pattern on a routine basis.

The important conclusion we must draw is that the problem is the brutal and ingenious use of economic power. There are very few saints; they will not be found in the banking community. They are not to be found in the industrial community. They are not in the trade union community. And lately we have

learned the old lesson, that they are not in the Government.
MR. COOPER: Nor on the campus.
MR. BARKIN: Only the college professor who buries himself in his laboratory is completely exempt.

Mr. Cooper introduced a most welcome clarification. He has stated that Keynesianism is a tool which is as useful to conservative as to radical objectives. Keynesianism did not prescribe full or high employment. It overlooked the intricacies of economic behavior in our society. It focused on a few critical global relationships. It submerged sectoral and microeconomic analysis. It was concerned with the possibility of manipulating the level of economic activity. But it did not define precise national economic goals and these could be conservative as well as radical.

It is important to realize that we have neglected many important problems of economics which had formerly attracted much attention in our concentration on Keynesianism and macroeconomics tools. We overlooked the internal obstacles and restraints upon growth and economic stability.

An awakening is occurring. People are again beginning to recognize these institutional restraints and the rigidities. They are perceiving the influence of economic power. The Council of Economic Advisers cooperated with the President's Committee on Economic Stability to identify and report on these distortions in our economy. In their report issued at the beginning of the year, it concentrated on many areas where such discretionary power exists and offered mild suggestions on how to deal with them. They know that it is not enough to rely on macroeconomic tools; you had to resort to selective and specific direct techniques for abating, countervailing, or destroying economic power. It was a strong prescription which had been sounded recurrently in our country, but the battle is a continuing one and we lose sight of it from time to time. Unfortunately, we tend to concentrate on the superficial evidences of power rather than reach into the central complexes which dominate our economy and society and prevent the easy and effective operation of macroeconomic instruments for achieving our national economic and social objects.

Since the power structure distorts price behavior on the market, it is necessary to resuscitate those fields of economics which provide us with an understanding of this problem and suggest the tools for dealing with the issues. They point out ways of dealing with the disaggregated components of the economy. We will then be better able to deal with the problems of exploitation, scarcities, rigidities, and immobilities. We shall not have to resort to reducing the levels of economic activity but concern ourselves with stimulating growth and full employment.

These ideas are not new; they were at the very core of the subject of economics when I entered upon its study. They are the issues with which many younger faculty members and students are now concerned. But they are lost in the current jargon and slogans. Many do not see how similar their protest is with that of the twenties and thirties. We then fought equilibrium economics as being inadequate and unrealistic, offering institutionalism as an alternative. Others underscored the importance of Marxism. The important fact is that we recognize that institutional power structures are interfering and preventing the realization of an economic equilibrium. Macroeconomic tools in the

American economic environment will be insufficient to correct the situation. They must be joined by efforts at dealing with the power structures and centers. Some must be destroyed and others balanced and in still other cases we must substitute public or private power.

Mr. Cooper introduced a second important concept; namely that of time. He spoke of short, medium and long-term. These time divisions indicate that in dealing with problems, we have to have short, medium and long-term solutions. We cannot rely on measures addressed to one time dimensions for remedying fundamental difficulties. We have neglected the long-term solutions for they require reform and combat with entrenched interests. You cannot get a economic power unless you seek reforms and change. You cannot control cost inflation obtained through economic power except through medium and long-term change.

We have submitted to extortions, disorganization, rigidities, immobilities because our perspective has been short-term. We were mislead by temporary affluence, forgetting that the basic difficulties would continue to hurt us. We neglected the cancers of power. We avoided the initiation of structural reforms. Restraints have short-term ends; control has a medium-term objective; reform has a long-term goal.

The market place is the place where people apply power and control. They induce or exploit or create scarcities to get tactical and price advantages. Higher prices do not necessarily bring forth a higher volume of supply. The manipulators see to that. They get higher and higher prices and see to it that they maintain their control over supply. But who gets hurt? People with power? Not people with money. It is the poor, the weary, and the defenseless who are hurt. The banker is able to manipulate and squeeze out of many of the close spots.

The real trouble at the present time is that we are not trying to deal with the problems of high prices effected through economic powers. We are not talking about price margins, guidelines, scarcities. We need guidelines and we have to install them tomorrow morning.

MR. GAINSBRUGH. As you get older, you get wiser.

MR. BARKIN. You see Martin and I are on the same team. This is news; it is a little difficult to comprehend this great change, but it has occurred. It is a welcome change.

One important aspect of inflation which is generally neglected is the amount of social unrest it generates. Twenty or thirty years ago, we would be concerned solely with injury. But at the present time, it is no longer true. As for example, let us take the issue of State employees' salaries. Rising inflation devalues my income. I am disgruntled. State employees go to the State Legislature and ask for an increase. The Governor says "I haven't the money", the legislature replies that "it doesn't want to increase taxes." The final result is at best a niggardly increase. The salaries of public employees fall behind the levels of private employees. The unrest creates the mood for a union. Then follow protests and picket lines before the State Capital. They may or may not succeed. But if they acquire power they will succeed; those without power will be hurt. The country is increasingly divided between those with power and those without it. Inflation and current behavior creates a deeper division in our country between people with power and those without it. The latter will in time respond to the demagogues. We know what happened in the thirties when the latter took over. Unless we deal with power groups now, the powerless will respond to these demagogues.

I would now like to talk about goals. We have been concentrating on stabilization. Read and reread the 1969 President's Economic report. The present Economic Council should read it. Herbert Stein in his book says that the Kennedy and Johnson Councils made few new discoveries. We all agree with that but the fact is that they made the ideas living instruments for attaining specific economic and social goals which the previous administrations had submerged and forgotten.

We again place a high priority on full employment. The black people forced the issue to the force. All of the trade union slogans and writings did not make this issue no. 1. It was the riots in the urban communities which brought this country to its senses and awakened it to the commitments in the Employment Act of 1946. The unrest among the Black people made our social goal a high priority. Stabilization has become a leverage for promoting this goal.

The issue of stabilization is no longer a theoretical problem. It is a practical one joined with that of full employment. European countries have kept both goals to the fore; now we shall have to do the same. People have been discussing the so-called Phillips curve. They have been trying to define the tie between unemployment and price rises. Hopefully, that will be forgotten in our anxiety to solve the problems of social upheaval on the campus and in the Black community and in the ghetto. We dismiss the challenge not because the relationship may not be a real one, but because we are learning that the highest priorities are to be found in other areas. We are learning that the best answer to stabilization is not higher unemployment but reform which includes improvements of the lot of the slum dweller; eradication of discrimination; and reforms in our economy which will remove or countervail the might of the powerful.

We came here today to tell you that not only must you have social goals but also know how to deal with the problems. Manpower specialists have a consequential role to play. They can become as important as monetary and fiscal specialists. Manpower economics is a crucial field in the solution of our economic difficulties.

In 1961, we saw the inauguration of the field of manpower economics in this country. From 1954 to 1961 a number of us fought for area redevelopment legislation. We were clobbered by economists and the Eisenhower Council of Economic Advisors. Finally with the support of the Kennedy Administration we got the laws adopted. With it came the new era of manpower concern. We have broadened our interests in subsequent years. But manpower economics and policy are still in their infancy.

We did not invent this field. The initiators were the Swedes. They converted older policies respecting the labor market into tools for the maintenance of full employment and stability. The ideas have become international ones. We endorsed the ILO convention of "full, productive, and freely chosen employment" but we have not implemented the instrument.

One basic need to stress in the future is that all economic policies should be reviewed by manpower economists in the light of our manpower goals. You say tc monetary policy people; "You can't run monetary policy unless you talk with me, Mr. Manpower." You protest that no monetary policy should be pursued which conflicts with manpower goals. What right have you to adopt programs which precipitate unemployment and aggravate the distress in the high unemployment areas?

You have to design monetary policies to fit the manpower goals; and also fiscal policies which suit the manpower scheme. Simply because the National City Bank deals with monetary problems is no reason for proposing policies which please it. We have national economic and social goals and all policies should promote them.

I conclude by saying that we should stop talking about slowing down the economy. Let's talk about maintaining and shifting our economic activities. Let us talk about constraints, controls, and reforms. We are using only 82 percent of our economic capacity; the economy is slow enough; we should expand. Who can argue that we are overextended when we have so many unemployed and others who are not in the labor force whom we can recruit. Let's get at the areas where there are constraints; where excessive discretionary power exists, where there are rigidities, immobility, and distortion. The rigid, immobile, and manipulated market rests on power and poor organization. Let us reform them. Our fight against inflation, therefore, must include constraint, control, and reform.

MR. GAINSBRUGH: In connection with the control of inflation there is the question of whether increasing prices or increasing wages are essential components, to providing low or increasing rates of unemployment. This expresses graphically what is known as the Philips Curve.

Irving Trust probably does not concern itself much about this, but the Hanover Bank does. Very recently, the Wall Street Digest, as you know, has made a big deal out of it.

MR. COOPER: In its simplicity, we just can't accept it. The concept is still useful and we have used it.

MR. GAINSBRUGH: I won't settle for that. Now, Sol took his time, and I will take mine, by way of supplementation, again, because Sol and I are practically dealing with the same situation.

The Philips Curve has had widespread application but it does not necessarily follow this is going to be the pattern in the future as it has been in the past.

Sol was saying that the old and new economics are going to be combined. The Philips Curve, with some of the other devices in the new economics, and the recognition that inflation is a problem of society that arises under certain conditions, are part of the old economics.

What is beginning to happen is --the restructuring of our society to see what we will have in the future; what our unemployment benefits will be;

places where manpower programs will be effective, which will show improvement from here on, where we will have full employment in our American society. We conceive of the implication of full employment, below the 4, 4-1/2 percent level.

How do you reconcile these terms? Reconciliation comes now through reconstructing and further improving our society.

One of the challenges you have is to say "What can be done to remove the the impact of manpower at 4-1/2 percent, 4 percent? Shall we avoid high costs that would flow from putting people to work, when you get down to the base of the manpower pool"?

There are other things that we, as the society, must do. Sol spoke about monopolistic powers in various sectors of our society. We are beginning to reconstruct our society so we get intensification of recuperation, particularly in those areas where recuperation is sought at the moment.

Weaknesses in collective bargaining have to be improved for maximum results as they relate to the inflationary pressures that exist on the 4-1/2 and 4 percent levels of full employment.

We all have seen the customary weakness in collective bargaining in construction. The question is what we can do structurally about full employment. We are all in favor of not working on Sunday; we want to have full employment. We want everyone who wants a job to have a job and to be able to find one in our society. But we don't want to put the price on it of a runaway inflation.

Structural changes will help us. The magic word is the reconstructing of our society. We have been doing this ever since our society was founded, and I have great hopes we will do even a better job in the 1970's. The 1960's demonstrated our capacity to do this. Now, how can we harvest our economy to resolve many of these social problems that have confronted us?

MR. BARKIN: All of you know the NICB in the early days had a plan of action. The NICB opened its forum to trade unionists to present their case either for providing entertainment to the auditors or intellectual stimulation.

We lack such forums today. It is evident that the students on the campus have no such forums. They feel frustrated; nobody is willing to listen to them. They respond to every slogan which would provide an outlet, because there are few chances for a constructive dialogue.

The NICB could provide a constructive course toward creating a real balance in our society by opening its forum to the students and the young faculty members who have a story to deliver.

MR. GAINSBRUGH: You are getting more improvement than you make out. However you face it, you are going to get into trouble with this Philips Curve. This is the problem of structural changes in the economy. In this concept, there is nothing wrong with the Philips Curve. In other words, the post-war economy lives and we are learning about constants, constant money changes, full employment changes, and inflation in our lives. But let's not overreact.

A VOICE: We have had an interesting 2 hours of rhetoric. This question is addressed to the panel. Can you come up with any period during wartime when we have not had any inflation or any period of peacetime when we have not had either a price decline or relative stabilization?

MR. GAINSBRUGH: I am afraid to say that inflation has usually occurred the same time as war. I have seen situations in this country, when we have not been at war, and we have had price inflation.

A VOICE: Name it.

MR. GAINSBRUGH: In the 1920s, in the 1950s.

A VOICE: 1956 and 1957 were after the Korean war.

MR. GAINSBRUGH: Yes, but we are talking about post-war.

A VOICE: We immobilized our fleet and what not, but it was on a war basis.

MR. GAINSBRUGH: We have war almost all the time.

MR. BARKIN: I would not run away from the fact that the Vietnam war has been proceeding. Martin has made this point earlier. We have been the victim of the Vietnam war. But I don't believe that when we get out of this war, that all of our problems will have been resolved. We must recognize that our withdrawal does not mean that we will eliminate our military expenditures for in fact we are a military power.

MR. BIENSTOCK: Jeff, you might want to revise this chart, and use the prices of budget or the CPI. If you examine the use of wholesale prices over the period used, you will see they go up and down. They go up during war periods and then go back to normal thereafter.

The same price index over the last 15 years has been cropped up at the rate of 1 to 1 1/2%. This is the secular trend of prices. It is a little bit unwarranted to say prices go up during war and then go back down. Prices of goods don't go down, or hold stable following the end of the war. The upward sweep of services and service trades is secular and normal.

MR. BARKIN: The answer to Mr. Bienstock is that war and inflation have been associated. This war is being financed without extra levies. If we continue the war and enjoy a balanced budget, it will be unusual and exceptional. It will be the first time we have had this type of combination.

MR. GAINSBRUGH: It also means that we are going to have to exercise very sharp control over Federal expenditures. It may occur more than ever with the military.

MR. BARKIN: Yes.

MR. GAINSBRUGH: In all fairness I should say that we have a fairly tight budget. The year coming up, fiscal 1970, is still President Johnson's budget. The first Nixon budget will not be until fiscal 1971. If the Vietnam war were to continue anything like the present level at cost, and if every defense shipment were to continue at anything like the present level, there would be tremendous pressure to seek new approaches, to stretch our resources, to establish new directions, to increase income to match the budget. I think you are all aware of the reasons.

Let me talk for a moment about the growth dividend. The best trends we have are our growth dividends. Fiscal 1972 and 1973 will come out with something like 15 billion dollars. For the fiscal year 1973, the best estimates we have of the growth dividend, and the revenue there, with an expanding economy come out about 14 billion or 15 billion dollars.

If this is the case, then even fiscal 1971, we have at least half of this would-be dividend. All I am saying is that the economy provides a full 12, 13, 14 billion dollars in fiscal 1971. We already have on the books training programs that would eat up at least half of it.

MR. COOPER: Wouldn't you grant though if we can do something about this 80 billion dollars of defense, this would offset substantially some of the rise that is occurring elsewhere in the economy?

MR. GAINSBRUGH: Of course.

MR. COOPER: How long do we have to carry the burden of $80 billion for defense?

MR. GAINSBRUGH: We are having some success. We played a little part in getting the mole cancelled. We are taking an awful hard look at the military budget, and the time will come when the Defense Department will be treated like any other department.

In the Congressional Record Mr. Meyer read the memorandum by the President that all agencies will be treated alike, subject to some public shifting; that the Secretary of Defense would have the same right of appeal as every other Secretary. This was not always the case in our recent times.

A VOICE: I would like to ask whether or not pension benefits instead of real wages are significant, or can they make a real contribution to us?

MR. COOPER: I wish I could give you a very simple yes or no. But no economist ever has a yes or no answer. This works out pretty much like the escalator clauses that we started some years ago and which to some extent are being revised today.

If you look at pension benefits and real wages, and hold inflation to under 2 percent you have a chance for the working sector of the economy to make use of this alternative.

MR. PIERCE: The construction wage is one of the pressure spots in this cost push pattern that you are talking about. Does Mr. Gainsbrugh have any suggestions as to how this problem might be met.

MR. GAINSBRUGH: There are various techniques being made in this connection under the framework that I have described earlier.

Free collective bargaining is the best solution we have found to wage determination in this country. If that be the frame, however, you want to have equal power in the collective bargaining process. The basic weakness of collective bargaining in construction is the attitude management has. What could be done to help management in construction meet the power of labor? One device to deal with labor is the assembly of management on a regional rather than on a local basis.

Another currently under way is to organize those who sell construction material, and those who buy from the construction industry to lend economic and other support to the various local construction firms that are faced with pressures from organized labor. These are just two examples of the type of thinking that is going on. The basic purpose is to restore the power balance under collective bargaining. If this does not work, we will find greater pressures from Washington than have thus far been forthcoming. Such pressures might include subpoenas or invitations to appear before the Joint Economic Committee and other Congressional Committees.

Where wage bargaining has been sharply out of line with the national pattern, there has been a greater degree of interest in Washington.

The Council of Economic Advisors in its last report singled out the construction industry, perhaps more than any other, for intensive examination.

MR. BARKIN: This point is extremely important. Fortunately, we are beginning to get everyone thinking about it. The Cabinet Committee's report to which I referred devoted an entire chapter to the construction industry. Martin focused on the collective bargaining problem. But there are many other problems. The issue must be dealt with as a conglomeration of single issues.

I shall recite my own experience during the period of the NRA when I was labor adviser on the construction industry. The major question then was how to get construction going. The question was how to reduce the costs of construction. The building unions sought shorter hours and higher wages. United States had just established a forty-hour uniform work week for the industry. Industry was against it.

The building trade-unions at that time pointed to a major source of difficulty in home construction and supported moves for the replacement of the multiple mortgage to the single long-term mortgage which was developed as part of the home loan system. This single mortgage system made possible the homeowners' period we enjoyed during the last thirty years.

Mr. Levitt who succeeded in reducing prices for some large construction projects could only nibble on the problems of this industry.

There is no industry which is more crucial to the future of this country and the well-being of the people. We have not yet addressed ourselves to solving this challenge. The Douglas Committee recently reported on the influence of building codes and other issues. But we need a group with a greater determination and Congressional powers to force the disclosure of the abuses in all phases and the collusion between real estate, banking, building materials, contruction, employer, unions, and politicians at all levels. This is a crusade which requires attention. The critics and analysts have avoided the challenge.

One problem in the construction industry, seasonal irregularities in building, has been neglected in this country because people feared the issue and neither the industry nor the unions would tackle it. In Europe most countries have major reform programs underway. We are wasting our resources and subjecting workers to seasonal unemployment, for we don't have the will and the tools to deal with this matter. During my service with the OECD I tried to stimulate interest in the subject in the United States. One result was that the U.S. Department of Labor prepared an account of the state of affairs in this country. Secretary of Labor Wirtz proposed a seasonal stabilization plan for one New Jersey buildings trades craft but nothing came of this effort. The Departments of Labor and Commerce subsequently prepared a joint released report at the end of 1969. Presidents have issued executive orders but little appears to have been accomplished because it requires determination, and effective reform and the vested interests are lukewarm about it.

We face a similar major problem in the field of the medical service. Piecemeal improvements are interesting but hardly adequate for giving us the changes needed for good medical services or at least the quality and abundance of services equal to those provided in northern Europe. It needs the wholesale destruction of monopolies and power and the total reform of the system.

The issues are not new. The problem is not lack of incentives. The challenge is the stranglehold private interests have in these industries in face of public needs. How do we break it? How do we get the construction and medical industries to work with the government, the President, and Congress to create viable and lower cost and more effective industries? Which public groups can be coralled to fight the entrenched powers? Reform is the key to long-term fight against inflation.

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